

**HASTINGS ECONOMIC DEVELOPMENT & REDEVELOPMENT
AUTHORITY**

April 14, 2022 - 6:00 pm.

HASTINGS CITY COUNCIL CHAMBERS

I. Quorum

II. Minutes

Please see the attached HEDRA Meeting minutes from the March 10, 2022 regular meeting for your review and approval.

III. Bills

March Bills

Cedarton LLC	\$2,675.00	Grant - Façade Imp - 103 2 nd St E
Johnson Schofield	\$1,985.00	Block 1 - ALTA Survey
MN DEED	\$700.00	Marketing - MN Marketing Ptnshp
Levander Gillen Miller PA	\$656.50	Legal - General
Centerpoint Energy	\$231.85	412 Vermillion - Heat
Campbell Knutson, PA	\$136.46	Legal - General HEDRA

Please see attached general ledger detail from the last two months for further information.

IV. Business

A. Resolution #2022-13 Approving Revolving Loans to Spiral Foods

Staff is proposing a \$25,000 working capital loan which would be payment free and interest free for 1 year and would then have a fixed interest rate of 3.5% and a 3 year term. Additionally, a \$25,000 machinery and equipment loan of \$25,000 which would also be payment and interest free for 1 year and would have an interest rate of 3.5% and a 10 year term. If secured, HEDRA loans would be in a fourth position against any equipment or inventory. Given that position, it is unlikely that any value would remain if a default were to occur. As a result, the HEDRA loans are proposed to be unsecured.

Spiral Foods would be providing \$155,100 in equity to fully fund the project after accounting for proposed loans.

Staff received an application for a revolving loan requesting \$150,000 to support expansion of Spiral Foods Co-Op from 2,400 square feet to 5,272 square feet. The total project uses were submitted as \$634,800.00.

Spiral Foods Co-op is a cooperatively owned consumer grocery store which has been selling natural and organic foods in the Hastings community since 1979. Spiral Foods currently serves 1,657 member-owners in the Hastings area. Those members make up 65% of Spiral's \$1.2M in annual sales. Spiral Foods has 12

employees, 7 of which are full time.

Spiral Foods presented an expansion plan that would increase the stores footprint from 2,400 square feet to 5,272 square feet. Projected sales increases based on the market analysis and proforma submitted by Spiral Foods places their sales at nearly \$3.0M by year three. The increase in sales would also result in the addition of at least 5 new jobs including a produce buyer, refrigerated buyer, deli assistant, and cashiers to the Hastings community.

Based on our review of the past four years of company financials, Spiral Foods is a stable business with acceptable metrics for accounts payable, accounts receivable, days payable, and days accrual. The business has a stable cost of goods sold as well as SGA expenses, and a short operating cycle. It has also improved its debt to equity ratio and based on anticipated increase in sales resulting from the expansion, the business appears able to handle new debt proposed to support the business expansion.

Vermillion Bank has proposed to provide a \$180,000 first position loan to the project. The \$180,000 loan would have a fixed interest rate of 7% and be amortized over 20 years with a balloon date of 5 years.

Since its original application to HEDRA, Spiral Foods was successful in gaining approval of an Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Administration (SBA) in the amount of \$199,700. That loan has a fixed interest rate of 3.5% and a term of 30 years. It is payment and interest free for 24 months and would hold a second position on collateral assets.

Staff connected the Applicant with the Metropolitan Consortium of Community Developers (MCCD) who operates our Open To Business (OTB) program. MCCD Staff will be proposing a 3rd position loan of \$50,000 at a fixed rate of 7% over 10 years with an introductory 6 month interest only period to their loan committee on April 14th.

Action – Motion to adopt Resolution #2022-13 Approving a working capital loan of \$25,000 and a Machinery and Equipment loan of \$25,000 to Spiral Foods Co-Op and authorizing Staff to execute loan agreements.

B. Approve 4 Month Extension to Façade Improvement Grant for 215 Sibley Street

On January 13th HEDRA approved a grant totaling \$4,927.50 for window replacement at 215 Sibley Street. The contractor has completed installation of the storm windows however the historic windows are scheduled for re-furbishing in late June with installation in July. Terms of the grant are such that the work and a paid invoice are to be completed within 3 months of grant approval. Considering the grant was approved in January and that the scope involves window replacement and specifically refurbishing of historic windows, Staff is proposing a four month extension to the grant which would permit BMMK, LLC until August 14th, 2022 to submit a paid invoice and have the work completed.

Action: Motion to approve a 4 month extension to façade improvement grant for 215 Sibley Street.

C. Approve 4 Month Extension to Façade Improvement Grant for 1800 Vermillion Street

On January 13th HEDRA approved a grant totaling \$5,000.00 for replacing the front canopy of lower level and upper level, removal of rotten cedar shakes and instillation of new standing seam steel siding/canopy. The materials have been ordered however have not yet been delivered for install. Terms of the grant are such that the work and a paid invoice are to be completed within 3 months of grant approval. Due to the unforeseen delay in materials, Staff is proposing a four month extension to the grant which would permit Doug and Sunshine Grandahl until August 14th, 2022 to submit a paid invoice and have the work completed.

Action: Motion to approve a 4 month extension to façade improvement grant for 1800/1806 Vermillion Street.

D. Resolution #2022-14: Approve Façade Improvement Program (FIP) Grant for Improvements at 118 2nd Street E

HEDRA has received an application from Tatia and Phil Nelson which own the property at 118 2nd Street E.

The full scope includes the following:

- Perform 50% tuckpointing of all exterior brick mortar joints
- Allowance to replace 5 individuals brick with new closely matching brick.
- Install new sealant at 2 joints between adjacent buildings
- All repairs to be performed using aerial lifts
- Walk-through scaffolding protection will be provided at entrance for pedestrians and patrons.

The scope of services is proposed to be completed by Acme Tuckpointing & Restoration. Staff has reviewed the capabilities and past work of the proposed contractor and found the company to be capable of correctly performing the scope of work. Acme is currently completing brick work at The Confluence as well.

The project has eligible costs totaling \$16,500. The maximum grant award based on current matching funds is \$5,000.00. Staff is proposing to allow 4 months for the work to be completed.

Action: Motion to approve Resolution #2022-14 approving façade improvement program grant award to Tatia and Phil Nelson for brick and exterior repairs at 118 2nd Street E in the amount of \$5,000.00.

E. Resolution #2022-15 Approving Façade Improvement Grant for 119 2nd Street

HEDRA has received an application from Karl and Jean Hajny who own the building located at 119 2nd Street E.

The full scope of work includes the following:

- Replacement of rotted trim around windows and door.
- Re-paint failing/peeling paint on the front of building (not brick work), trim & doors
- Replace broken window above entry door
- Replace window with broken seal to increase energy efficiency
- Install new awnings

The project has eligible costs totaling \$12,473.67. The maximum grant award based on required matching funds is \$5,000. Staff is proposing to allow 4 months for the work to be completed.

Action: Motion to approve Resolution #2022-15 approving façade improvement program grant award to Karl and Jean Hajny for improvements at 119 2nd Street in the amount of \$5,000.00.

F. Resolution #2022-16 Approving Façade Improvement Grant for 2216 Vermillion Street

HEDRA has received an application from River City Interiors which recently acquired the property at 2216 Vermillion Street.

The full scope includes the following:

- Removal of failing and aged overhead door facing Vermillion Street.
- Installation of new storefront window in place of former overhead door.
- New windows for the front of building to replaced existing cracked windows.
- Repair damaged stucco and painting blighted paint conditions.

The scope of services is proposed to be completed by River City Interiors. The project has eligible costs totaling \$10,900. The maximum grant award based on current matching funds is \$5,000.00. Staff is proposing to allow 4 months for the work to be completed.

Action: Motion to approve Resolution #2022-16 approving façade improvement program grant award to River City Interiors at 2216 Vermillion Street in the amount of \$5,000.00.

G. Resolution #2022-17 Approving Façade Improvement Grant for 209 Sibley Street

HEDRA has received an application from Barbara Hollenbeck for a FIP grant award for improvements at 209 Sibley Street. Staff has reviewed the proposed scope of work and found that it does not require review by the Heritage Preservation Commission.

The full scope includes the following:

- Tuckpointing on failed mortar joints where prior work was done
- Replacement of missing and/or failed brick and rebuild area of deteriorated brick.

The scope of services is proposed to be completed by Acme Tuckpointing & Restoration. The project has eligible costs totaling \$14,800. The maximum grant award based on current matching funds is \$5,000.00. Staff is proposing to allow 4 months for the work to be completed.

Action: Motion to approve Resolution #2022-17 approving façade improvement program grant award to Barb Hollenbeck for work to be completed at 209 Sibley Street in the amount of \$5,000.00.

H. Resolution #2022-18 Approving Façade Improvement Grant for 219 Sibley Street

HEDRA has received an application from Barbara Hollenbeck for a FIP grant award for improvements at 219 Sibley Street. Staff has reviewed the proposed scope of work and found that it does not require review by the Heritage Preservation Commission.

The full scope includes the following:

- Tuckpointing top 3' of the wall
- Replacement of 150 individual bricks
- Additional tuckpointing of failed mortar joints

The scope of services is proposed to be completed by Acme Tuckpointing & Restoration. The project has eligible costs totaling \$18,500. The maximum grant award based on current matching funds is \$5,000.00. Staff is proposing to allow 4 months for the work to be completed.

Action: Motion to approve Resolution #2022-18 approving façade improvement program grant award to Barb Hollenbeck for work to be completed at 219 Sibley Street in the amount of \$5,000.00.

I. Resolution #2022-19 Approving Façade Improvement Grant for 221 Sibley Street

HEDRA has received an application from Jono Heights, LLC which recently acquired the historic Masonic Building located at 221 Sibley Street. The scope of work will require review by the Heritage Preservation Commission.

The full scope of proposed work includes the following:

- Blight elimination by replacing rotten and broken window seals and faulty windows.
- Replacement of 39 openings with a total of 75 windows mulled together.

The scope of services is proposed to be completed by A Plus Windows. The project has eligible costs totaling \$140,816.20. The maximum grant award based

on matching funds is \$5,000.

The Façade Improvement Grant program was set up as a first come, first served program. At the time that Staff received the application from Jono Heights, LLC, a total of \$2,397.60 in grant funds had not yet been applied for out of the total \$50,000 that HEDRA had budgeted for the program. Staff is proposing to allow 4 months for the work to be completed.

Action: Motion to approve Resolution #2022-19 Approving Façade Improvement Grant to Jono Heights, LLC for improvements at 221 Sibley Street in the amount of \$2,397.60 contingent upon approval by the Heritage Preservation Commission.

J. Resolution #2022-20 Terminating and Canceling the Land Credit Sale to Dream1, LLC (WSI Sportswear)

In November of 2021 HEDRA approved a land credit sale to Dream1, LLC (WSI Sportswear). Staff was aware at that time that construction of the proposed 20,000sf facility would likely be delayed due to extended lead times for construction materials.

After consultation with at least three general contractors to obtain bid pricing, WSI has elected to not move forward with the proposed project due to the cost of the facility.

Termination of the current land credit sale does not preclude HEDRA from approving a future land credit sale should the project become financially viable in the future.

Action: Motion to approve Resolution #2022-20 terminating and canceling the land credit sale to Dream1, LLC.

K. Resolution #2022-21 Authorizing Termination of Existing Purchase and Development Agreement with NJS, LLC and Approving New Purchase Agreement with Lake Isabelle Flats, LLC for the UBC Property.

The City Attorney's office was queuing items up for the closing and noticed that because the property is being Platted we need to adjust the purchase agreement and development agreement. A combined purchase agreement and development agreement which we have now will not allow us to record after the plat. So, in order to account for the plat, and make sure things appear on title correctly we need to rescind and adopt a new agreement. Another public hearing is not required. The Developer has also established a project LLC which is reflected in the proposed action.

Action: Motion to approve Resolution #2022-21 Authorizing Termination of Existing Purchase and Development Agreement with NJS, LLC and Approving a New Purchase Agreement with Lake Isabelle Flats, LLC for the UBC Property.

L. Resolution #2022-22 Authorizing Termination of Existing Purchase and

Development Agreement with River City Investments, LLC and Approving a New Purchase Agreement with River City Investments, LLC for property located at 317 3rd Street E.

The City Attorney's office was queuing items up for the closing and noticed that because the property is being Platted we need to adjust the existing purchase agreement and development agreement. In order to account for the plat, and make sure things appear on title correctly we need to rescind the current development and purchase agreements in favor of a singular purchase agreement. Another public hearing is not required.

Action: Motion to approve Resolution #2022-22 Authorizing Termination of Existing Purchase and Development Agreement with River City Investments, LLC and Approving a New Purchase Agreement with River City Investments, LLC for property located at 17 3rd Street E.

M. Resolution #2022-23 Approving an Assignment and Assumption Agreement of TIF Note from NJS Development, LLC to Lake Isabelle Flats, LLC and NSKW Land, LLC related to the Redevelopment of the Former UBC Site.

Nate Stencil, owner of NJS Development, LLC (Stencil Group) has filed what will be the ownership entity for the redevelopment project for the former UBC site. That ownership LLC is "Lake Isabelle Flats, LLC". Mr. Stencil acquired the single family home located adjacent to the UBC site, with the entity known as NSKW Land, LLC. Together those two LLC's will own the future apartment project.

As such, the TIF note approved by HEDRA to NJS Development, LLC will need to be reassigned to Lake Isabelle Flats, LLC and NSKW Land, LLC. There is still only a singular TIF Note and no additional terms of the TIF financing would change as a result of this action.

Action: Motion to approve Resolution #2022-23 Approving Assignment and Assumption Agreement of TIF Note from NJS Development, LLC to Lake Isabelle Flats, LLC and NSKW Land, LLC.

V. Reports and Information

A. Hastings Entrepreneurship Assessment

HEDRA updated its 2020-2022 Strategic Plan to include assessment of opportunities to increase tourism and commerce opportunities within the downtown area. Included in the packet is Staff's proposal for "Phase 1" of the assessment. Staff anticipates bringing back a summary of information learned to the August HEDRA meeting. At that point we will seek HEDRA feedback on the direction HEDRA should be taking to support entrepreneurship based on information we have at that time.

Staff is seeking feedback from HEDRA on the proposed "Phase 1" outlined in the attached report and any revisions or additions it would like to see added.

B. Business Retention & Expansion Visit – Hastings Golf Club

Staff as well as Council Member Jen Fox visited Hastings Golf Club on March 3rd to learn more about the business and its offerings to the Hastings Community.

The BR&E survey report is included as an attachment to the packet.

C. Business Retention & Expansion Visit – Hastings Beauty School

Staff as well as Mayor Mary Fasbender visited Hastings Beauty School on March 14th to learn more about the school and the services it offers to both its students as well as the greater Hastings community.

The BR&E survey report is included as an attachment to the packet.

D. Advertisement for HEDRA Position

HEDRA Commissioner Martha Sullivan has recently sold her home located at 303 5th Street E to Rise Up Recovery and has also joined a law firm which has resulted in her no longer leasing office space within the building located at 221 Sibley Street. As a result, Commissioner Sullivan will be stepping down as a HEDRA Commissioner but has agreed to stay on while the search for a new HEDRA Commissioner takes place. Staff will be advertising for the vacancy and would appreciate current HEDRA board members sharing the vacancy with their networks.

E. Development Update

New Information

Jersey Mikes – Framing of the new Jersey Mikes restaurant at 1217 Vermillion Street is nearly complete.

BIRD Scooters - Bird Scooters launched their Hastings operations on April 1st. They currently have 25 scooters deployed in various areas of the City with approval to have up to 100.

Crossroads Site Development – On March 7th, the City Council approved two apartment buildings containing a total of 211 market rate apartment units by Enclave Development south of 33rd Street between Terry’s Hardware and a strip mall. The project has proposed to begin construction in summer 2022 with completion of the first building in the fall of 2023.

Lake Isabelle Flats (NJS Stencil Apartment) – On March 7th, the City Council approved an 89 unit market rate apartment building located on the former UBC site (between 3rd and 4th Streets, west of Bailey Street). Construction anticipated to begin in early summer 2022 with completion by summer 2023.

The Confluence – Progress continues with interior activities including interior framing, replacement of fire suppression system, and replacement of windows.

Rise Up Recovery - 303 5th Street E – On March 7th, the City Council approve a Special Use Permit to Rise Up Recovery to operate a board and lodging facility with special services for substance use disorder recovery.

Makers Alleyway Market – Staff will again be running a Makers Alleyway Market to coincide with Music in the Park. Staff is preparing for eight markets.

Façade Improvement Grant Program – The following is a summary of the grant program and available funds.

Address	Scope of Work	Total Cost	Grant Award Amount	Approved On:	Work Status	Area
103 2 nd Street	Awning Replacement	\$5,350	\$2,675.00	1/13	Completed and paid out	Downtown
215 Sibley Street	Window Repair	\$12,000	\$4,927.40	1/13	½ complete. Extension requested	Downtown
1800 Vermillion	Canopy replacement & exterior blight repair	\$16,776.88	\$5,000.00	1/13	Extension requested	Vermillion
218 2 nd Street	Window Repair	\$10,295	\$5,000.00	2/10	½ complete. Extension requested	Downtown
311 2 nd Street	Window Repair	\$20,708	\$5,000.00	3/10	¾ complete	Downtown
118 2 nd Street	Masonry repairs	\$16,500	\$5,000.00	4/14*	HEDRA review	Downtown
119 2 nd Street	Awning, window repair, trim repair	\$12,473.67	\$5,000.00	4/14*	HEDRA review	Downtown
2216 Vermillion Street	Remove failed overhead door. Replace with new storefront windows	\$10,900	\$5,000.00	4/14*	HEDRA review	Vermillion
209 Sibley Street	Masonry Repairs	\$14,800	\$5,000.00	4/14*	HEDRA review	Downtown
219 Sibley Street	Masonry Repairs	\$18,500	\$5,000.00	4/14*	HEDRA review	Downtown
221 Sibley Street	Window replacements	\$140,816.20	\$2,397.60	4/14*	HEDRA review	Downtown
Total:		\$279,119.75	\$50,000.00			
Grant Program Budget:			\$50,000.00			
Remaining Funds:			\$0.00			

*denotes not officially approved but will be considered on that date.

PREVIOUS INFORMATION:

UBC North Building Sale & Removal – The 10,000 sf building has been removed from 415 4th Street E. Building was sold for \$45,500. Site is part of the future Lofts on 3rd Apartment project.

Autobody Shop - 2550 Millard Avenue – On February 22nd, the City Council approved a special use permit for Matthew Goebel to operate an auto body shop out of 2550 Millard Avenue (Green Lawn Sprinkler).

The Quill - Schoolhouse Square Senior Housing – Framing work is progressing and the building is taking shape. Project is on track for fall 2022 opening.

Tyler Street Landing Apartments (Luke Siewert) – The Dakota County CDA has approved a \$250,000 Redevelopment Incentive Grant (RIG) for this project on November 16th. On October 4th the City Council approved land use actions to allow construction of the 32 unit apartment building at 3rd and Tyler.

Best Property Annexation - Redwing Blvd - Summergate Development has terminated its development agreement for purchase and development of the property. Best Property still seeking a purchaser and developer. Action on the application tabled at City Council pending identification of a new developer and concept plan.

Fleet Farm – City has issued permit for interior renovation and is awaiting plans for the exterior building supply yard.

Villas at Pleasant – Construction of the first model home has commenced on the 32 unit subdivision near Northridge and Pleasant

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

Heritage Ridge – 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.

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.

ATTACHMENTS

- Minutes – March 10, 2022 - Regular Meeting
- Bills - March, 2022

- Loan Agreement for Machinery and Equipment
- Promissory Note for Machinery and Equipment
- Loan Agreement for Working Capital
- Promissory Note for Working Capital
- Resolution #2022-13: Approving Revolving Loan to Spiral Foods
- Resolution #2022-14: Approve Façade Improvement Program (FIP) Grant for Improvements at 118 2nd Street E
- Grant Application for 118 2nd Street E
- Resolution #2022-15 Approving Façade Improvement Grant for 119 2nd Street
- Grant Application for 119 2nd Street E
- Resolution #2022-16 Approving Façade Improvement Grant for 2216 Vermillion Street
- Grant Application for 2216 Vermillion Street from River City Interiors
- Resolution #2022-17 Approving Façade Improvement Grant for 209 Sibley Street
- Grant Application for 209 Sibley Street
- Resolution #2022-18 Approving Façade Improvement Grant for 219 Sibley Street
- Grant Application for 219 Sibley Street
- Resolution #2022-19 Approving Façade Improvement Grant for 221 Sibley Street
- Grant Application for 221 Sibley Street
- Resolution #2022-20 Terminating and Canceling the Land Credit Sale to Dream1, LLC (WSI Sportswear)
- Resolution #2022-21 Authorizing Termination of Existing Purchase and Development Agreement with NJS, LLC and Approving New Purchase Agreement with Lake Isabelle Flats, LLC for UBC Property
- Resolution #2022-22 Authorizing Termination of Existing Purchase and Development Agreement with River City Investments, LLC and Approving New Purchase Agreement with River City Investments, LLC for property located at 317 3rd Street E
- Business Retention & Expansion Survey – Hastings Golf Club
- Business Retention & Expansion Survey – Hastings Beauty School

Next Meeting: Thursday, May 12, 2022