

**CITY OF HASTINGS ECONOMIC DEVELOPMENT
REVOLVING LOAN FUND APPLICATION**

SECTION 1: CONTACT INFORMATION

Legal Name of Business: RH Holdings, LLC

Project Site Address: 1250 S Frontage Rd

City / State / Zip: Hastings, MN 55033

Primary Business Contact Person(s): Becky Holm

Phone: 612-819-0847

Email: beckyholm1@gmail.com

Check One: Proprietor Corporation Partnership

FEIN # 38-3995733

SECTION 2: PROJECT OVERVIEW

Amount Requested: \$ 20,000

Total Project Cost: \$ 155,000

Please provide a brief summary of your company and its products and/or services.

Property Owner/Manager

Please provide a brief summary of the proposed project.

Buildout of Space, converting 1 unit into two.
Electric upgrade to support additional tenants/demands.
Landscaping, retaining wall upgrade. Exterior and interior renovations.

Please describe how these funds will impact your project.

These funds will be necessary to complete the overall building renovation. We are upgrading all exterior and interior to make this a pleasing location to attract long-term tenants and expand businesses in the community to benefit residents.

SECTION 3: INTEREST RATE DEDUCTIONS

- 1. Is the Applicant provided 15% or more in cash equity to the project? Yes No
- 2. Is financing secured from a private commercial lender for at least 60% of the total project cost? Yes No
- 3. Has the Applicant completed a consultation with the Open To Business program? Yes No
- 4. Does the project involve any of the following?
 - a) Installation of fire suppression systems Yes No
 - b) Installation of environmental infrastructure, such as vapor mitigation systems. Yes No
 - c) Abatement of hazardous building materials, such as asbestos Yes No
 - d) Installation of solar, geothermal, or wind energy systems or technologies Yes No

SECTION 4: ESTIMATED PROJECT COSTS

Land: \$ _____

Site improvements: \$ **189,900**

New Building: \$ _____

Equipment/Machinery: \$ _____

Remodeling/Renovation: \$ _____

Demolition: \$ _____

Working Capital: \$ _____

Permits/Fees: \$ _____

Other (attach description) \$ **Construction Schedule Attached**

Total Costs \$ 189,900

SECTION 5: SOURCES OF FINANCING

Bank Loan: \$ **155,000**

Bank Name: **Vermillion Bank**

Loan Officer Name & Contact Info: **Dave Fransen, 651-437-4433**

Additional Bank Loan (if applicable): \$ _____

Bank Name: _____

Loan Officer Name & Contact Info: _____

Additional Private Funds (amount & source): \$ _____

Owner/Business Equity: \$ _____

State Funding (amount & program): \$ _____

Federal Funding (amount & program): \$ _____

Other Sources of Funding (amount and description): \$ _____

Total Financing: \$ _____

SECTION 6: JOB CREATION (if applicable)

Current number of Employees (working at Hastings location): Adding businesses (see attached)

Total number of jobs to be created (in Hastings) over the next **two** years: _____

Job Title	Number of Positions	Hourly Wage w/ Benefits	Expected Hiring Date
Spiral Foods Coop			
Optimal Health Chiropractic			
DFL Party Reg. Hdqtrs			

SECTION 7: REQUIRED ATTACHMENTS CHECKLIST

Please attach the following with completed application:

- 1. Written Business Plan, including the following:
 - a. Business overview and company history and ownership
 - b. Date Established
 - c. Products/Services
 - d. Future Plans
- 2. Two Years of Historical Financials and Financial Projections
- 3. Personal Financial Statements of Proprietor, Partners, Guarantors
- 4. Letter of Commitment from Financing Sources

SECTION 8: AGREEMENT

I/We certify that all information provided in this application (and its attachments) is true and correct to the best of my/our knowledge. I/We authorize the City of Hastings to check credit references and verify financial and other information. I/We agree to provide any addition information as may be requested by the City of Hastings and HEDRA.

APPLICATION SIGNATURE: Rebecca L. Holm

PRINTED NAME & TITLE: REBECCA L. HOLM, OWNER

DATE: 5.25.22

1250/1260 S Frontage Rd, Hastings, MN 55033

Business Plan for Property Redevelopment/Renovation

**RH Holdings, LLC
Rebecca Holm
PO Box 282
Anoka, MN 55303
612-819-0847
Beckyholm1@gmail.com**

BACKGROUND

In March 2020, at the beginning of the pandemic, the property was fully rented to a liquor store and Spiral Natural Foods Coop. We had plans in place (including financing) for Spiral Foods to expand into the entire building, but the plans fell through when the shutdown started. The liquor store had already signed a lease at a new property. Since that time we have struggled to find a solution.

PROPOSED RENOVATION

After much work and many attempts to rejuvenate the project or find another way to move forward, we've created a plan whereby Spiral Foods will move into the vacant 2/3 of the building, and their previous space will be divided into two units. One unit has been rented to a chiropractor on a 5-year lease with two 5-year renewals. Spiral has signed a 10-year lease. The other space has been rented through the November election (Nov. 30) to the DFL Regional Party, giving us some time to acquire a long-term renter. The building requires extensive renovation and upgrades, both inside and out, to bring it to rentable condition. Delays and additional costs due to staffing and supply issues have impacted the project and caused budget overages. In particular, Xcel Energy requires a \$26,000 expenditure for electrical upgrades and the retaining wall needs rebuilding, both of which weren't in the budget. We've secured financing through Vermillion Bank for most of the project. We are requesting an additional \$20,000 through the City of Hastings Revolving Loan Fund to complete the project.

PROJECT OUTCOME

The attached 2022 July Property Income After Construction/Renovation sheet shows the projected rental income at project completion, which we hope will be in July. As you can see from the attached Profit & Loss Statements, our income has continually decreased since the beginning of the pandemic and the fall-through of our initial project with Spiral. The completion of this renovation project will put the property back on track to be a center that customers want to come to, with viable businesses that contribute to the well-being the Hastings community.

Construction Schedule

RH Holdings, LLC
 1250/1260 S Frontage Rd
 Hastings, MN 55033

Becky Holm
 612-819-0847
 beckholm1@gmail.com

ITEM	Budget Est\$	CURRENT	NOTES
Interior:			
Demising Wall			
Unit B-vanilla shell condition			
Unit A-vanilla shell condition			
Interior total	<u>\$56,000</u>	\$58,856	Stotko
Exterior Lighting-Pylon Pole to LED	\$5,500	\$5,645	Precision Signs
Exterior patch/clean	\$5,600	\$5,700	Top Dawg Masonry
Architect	\$1,500	\$1,500	
Exterior paint	\$6,796	\$6,800	Lidtko Painting
Exterior Lighting-LED, new poles	\$8,000	\$10,000	Precision Signs
Interior hallway patch/paint/floor clean	\$3,000	\$12,000	Kunz Const
Plate glass repair	\$4,000	\$4,000	
Retaining Wall/landscape upgrade	\$15,000	\$20,000	Top Dawg Masonry/Landscaping
TI Optimal Health Chiro	\$15,400	\$15,400	
Misc op exp/mgmt	\$35,000	\$35,000	
Elec upgrade required by Xcel	\$0	\$15,000	Xcel
TOTAL	<u>\$155,796</u>	<u>\$189,901</u>	
Owner investment		\$15,000	
Vermillion Bank		<u>\$155,000</u>	
		\$170,000	
NEEDED TO COMPLETE PROJECT		<u>\$19,901</u>	

2022 JULY PROPERTY INCOME AFTER CONSTRUCTION/RENOVATION
1250/1260 S Frontage Rd, Hastings, MN 55033
 RH Holdings, LLC - 612-819-0847

Suite	Tenant	Sq Ft	Rent/Sq Ft	Annual	Month	Occ %
1250	Spiral Food Coop	5,252	\$9.25	\$48,581.00	\$4,048.42	65.6%
1260/A	DFL Regional Party*	1,360	\$15.00	\$20,400.00	\$1,700.00	17.0%
1260/B	Optimal Health Chiropractic	1,400	\$17.00	\$23,800.00	\$1,983.33	17.5%
Totals		8,012		\$92,781.00	\$7,731.75	100%

*Through Nov2022

Unit	1250 SPIRAL ANNUAL INCREASES					
Year	Tenant	Sq Ft	Rent/Sq Ft	Annual	Month	Occ %
1	Spiral Food Coop	5,252	\$9.25	\$48,581.00	\$4,048.42	65.6%
2	Spiral Food Coop	5,252	\$9.50	\$49,894.00	\$4,157.83	65.6%
3	Spiral Food Coop	5,252	\$10.00	\$52,520.00	\$4,376.67	65.6%
4	Spiral Food Coop	5,252	\$10.00	\$52,520.00	\$4,376.67	65.6%
5	Spiral Food Coop	5,252	\$10.50	\$55,146.00	\$4,595.50	65.6%

Unit	1260/B CHIROPRACTOR ANNUAL INCREASES					
Year	Tenant	Sq Ft	Rent/Sq Ft	Annual	Month	Occ %
1	Optimal Health Chiropractic	1,400	\$17.00	\$23,800.00	\$1,983.33	17.5%
2	Optimal Health Chiropractic	1,400	\$17.51	\$24,514.00	\$2,042.83	17.5%
3	Optimal Health Chiropractic	1,400	\$18.04	\$25,249.42	\$2,104.12	17.5%
4	Optimal Health Chiropractic	1,400	\$18.58	\$26,006.90	\$2,167.24	17.5%
5	Optimal Health Chiropractic	1,400	\$19.13	\$26,787.11	\$2,232.26	17.5%