

HEADRA AGENDA NOTES FOR JULY 12, 2012

MINUTES

Please see attached HEDRA Meeting minutes from the June 14, 2012 regular meeting for your review and approval.

BILLS

June Bills

Alarm Express	*\$2,906.06	Fire Alarm – 116 E 2 nd Street Split
Centerpoint Energy	\$454.56	Heat – Hudson
MN Pollution Control	*\$437.50	Volunteer Investigative Cleanup - Hudson
Preservation Alliance	\$200.00	Membership – MN Main Street
Bradley & Deike	\$170.00	Legal Services – Hoban Loan
Dakota County	\$97.69	Recording – Borchardt Loan
ADT	\$68.76	Security Monitoring – Hudson
Century Link	\$45.60	Telephone - Hudson

**Reimbursable Expense*

Please see attached general ledger detail for further information.

BUSINESS

A. Approve Commercial Rehabilitation Loan – 208 Sibley Street – Kevin & Lynn Hoeschen.

Request

Kevin & Lynn Hoeschen seek approval of a \$30,000 Commercial Rehabilitation Loan for property located at 208 Sibley Street (former Hastings Sewing Center). The Hoeschen's plan to divide the building back into two retail spaces. A 400 s.f. space would be remodeled into a popcorn shop. The remaining 800 s.f. would be leased to another entity. Construction plans consist of gutting the whole building, adding a door and windows to the popcorn shop area, restoration of the outside brick façade in the popcorn shop, and restoration of the interiors of both spaces including electrical, HVAC, bathrooms and sheetrocking.

The estimated project cost is \$60,000 - \$69,375. The applicants have secured a \$50,000 loan from Vermillion State Bank. The loan is for one year at 6%.

The 1,320 s.f. building was constructed in 1900 and has been designated as part of the East Second Street Historic District by the Heritage Preservation Commission (HPC). The HPC approved the proposed modifications at the May 15, 2012 meeting. The building is also within the Downtown Hastings Redevelopment Project Area.

Program Requirements

The Commercial Rehabilitation Program provides financial assistance for the rehabilitation of commercial or mixed use properties located in a redevelopment project area. The types of work that may be included are:

1. Eliminate blight or correct structural, safety and access conditions
2. Remodel interior space for new uses and tenants
3. Bring building systems up to code and conserve energy
4. Improve the design and materials of the exterior, including historic restoration
5. Improve affordable apartments in mixed use buildings as a secondary purpose
6. Moveable fixtures and equipment are not included

Conditions for granting a loan:

1. The building must qualify in size and location.
2. The need for public assistance to make the project feasible must be demonstrated.
3. The project must contribute to the redevelopment area plan.
4. City planning, building and historic (if required) approvals must be secured.

HEDRA would provide a ten year loan at zero percent the first year, four percent from years 2-5, and nine percent from years 6-10. Loan proceeds would be disbursed upon proof of qualified rehabilitation expense. The loan would be secured with a mortgage document.

Typically the loan amount may be up to 25% of costs but no more than \$200,000. The Board will determine the size of the loan, depending on scope of project and public funds available.

Statement of Need

The Hoeschen's are requesting a \$30,000 HEDRA Loan to complete the renovation. The amount requested is higher than the 25% typical commercial loan and greater than the \$10,000 - \$20,000 gap of the Vermillion State Bank Loan. They have submitted a letter outlining the need for the additional funding due to considerable more work and expense in adding windows, preserving the brick façade and the realization that the building was actually two buildings. They also wish to utilize the longer term of the HEDRA loan to help pay for the expenses.

Analysis

The request meets the qualifications and criteria for issuance. HEDRA has reserved \$40,000 in the 2012 budget for commercial loans. No other commercial loan requests have been submitted or presented. The rehabilitation work is consistent with HPC.

ACTION – Adopt Resolution 2012-05 – Approving a Commercial Rehabilitation Loan for work at 208 Sibley Street for Kevin and Lynn Hoeschen.

Please see the attached resolution, loan application, and HPC Report for further information.

B. Authorize Participation - Metropolitan Consortium of Community Developers (MCCD) Open to Business Loan Program.

Lee Hall from the MCCD will attend the meeting to present further information on the *Open to Business Loan Program*. Dakota County CDA along with various cities have discussed contracting for services with MCCD beginning in 2013. Through the Open to Business partnerships, MCCD assists local governments to create their own business support programs targeted at residents and entrepreneurs in their communities. In 2011, MCCD helped 86 entrepreneurs secure capital to start, expand or improve their businesses. Thirty-two of these entrepreneurs also received loans from MCCD. Altogether these 86 entrepreneurs created or retained 488 jobs for their communities. Last year MCCD provided nearly \$730,000 in direct loans to businesses and leveraged another \$4.1 million in capital from other sources including banks, our community lending partners, and owner equity.

The proposed cost for 2013 services is \$10,000. Dakota CDA would pay half the cost. HEDRA's out of pocket cost would be \$5,000.

ACTION – Authorize participation in the MCCD Open to Business Loan Program as part of the Dakota CDA contract in 2013 and allocate \$5,000 towards the program.

Please see the attached Dakota County Proposal and 2011 Loan Report for further information.

C. Authorize Signature – Hudson Redevelopment Initial Market Research and Assessment – Maxfield Research

Maxfield Research has been contacted to provide a market assessment for proposed uses of the former Hudson Manufacturing Building. The analysis would build from the Hudson Reuse report completed by Stark Associates. Maxfield would conduct a site evaluation, demographic and economic analysis, competitive market analysis, and conclusions and recommendations.

The study would be completed within 35 to 45 days at a cost of \$5,000. HEDRA has received a \$2,500 grant from Dakota CDA to assist with payment for the report.

ACTION – Authorize Signature of the Initial Market Research and Assessment proposal by Maxfield Research.

Please see the attached proposal for further information.

REPORTS

A. Hudson Redevelopment Update

Environmental Review

Liesch Companies has completed a destructive hazardous materials survey of the 1974 addition. The Liesch report will be included as an appendix to the demolition bids and specification. Stantec Consultants is finalizing the Phase II Environmental Assessment Report and has begun work on the Response Action Plan.

Work for both projects is funded through the Metropolitan Council Tax Base Revitalization Grant.

Demolition of 1974 Addition

SEH has begun work on the bids and specifications for demolition of the 1974 addition. The bidding documents should be completed by the end of July. HEDRA may take action to authorize advertisement for bids at the August meeting. **The public hearing for demolition of the building is tentatively scheduled to take place in conjunction with advertisement for bids.**

B. Hard Wire Fire Alarm Update

All work has been completed on the installation of mixed use hard wire fire alarm systems. In all, over thirty systems were installed through Community Development Block Grant and HEDRA funding. Completion of the project finalizes over ten years of work by the Community Development and Fire Departments to provide enhanced safety and security to downtown.

C. Block 16 Parking Lot

The City Council approved the Site Plan for construction of the Block 16 parking lot at the July 2, 2012 meeting. The 100 space parking lot is located west of the CP Railroad between 2nd and 3rd Streets. Plans and Specifications have been finalized and are set to go out for bid. Construction of the parking lot should be completed by the end of 2012.

D. Grow Minnesota Business Retention Visits

The Hastings Area Chamber has conducted over a dozen Grow Minnesota Business Retention and Expansion visits. The Chamber plans to conduct remaining visits by September. Information learned from the visits will be shared with HEDRA this fall.

ATTACHMENTS

- HEDRA Minutes – June 14, 2012
- General Ledger Detail – June, 2012
- Resolution – Authorize Loan - Hoeschen
- Loan Application - Hoeschen
- HPC Report - Hoeschen
- MCCD Proposal for Services
- MCCD 2011 Report
- Maxfield Proposal for Services