



July 3, 2012

Mr. John Hinzman  
Community Development Director  
City of Hastings  
101 4<sup>th</sup> Street East  
Hastings, MN 55033

Dear Mr. Hinzman:

Thank you for contacting Maxfield Research Inc. to submit a proposal to conduct market research to assess the potential to redevelop a 3.8-acre site in Hastings, Minnesota. We understand the Site contains a 100,000 square foot building that will be evaluated to determine its historical significance.

The attached proposal outlines a work program for an initial assessment of the property to determine the market potential for various real estate uses. Based on our initial analysis, we will recommend those land uses best suited for the Site and provide estimates of demand for various uses. Upon determination of appropriate land uses based on the Site's characteristics and initial findings, Maxfield Research could provide further detail on those identified land uses in a *Full Feasibility Study*.

Please review the enclosed proposal. If it meets with your approval, please date and sign one copy and return it to our offices along with the initial payment. At this time, our work schedule requires 35 to 45 days from your authorization to proceed and deliver the market study. If you have any questions or would like more information, please do not hesitate to give me a call.

Sincerely,

**MAXFIELD RESEARCH INC.**

A handwritten signature in black ink that reads 'Matt Mullins'.

Matt Mullins  
Vice President

## **CONTRACT/PROPOSAL FOR PROFESSIONAL SERVICES**

Maxfield Research Inc. ("Maxfield") proposes to provide market research and consulting services to the City of Hastings, Minnesota (the "Client") to assess the potential to develop various real estate uses on a 3.8-acre site in Hastings, Minnesota. Maxfield Research will conduct an Initial Market Assessment of the potential demand for various residential and commercial uses on the subject Site.

During the initial phase, Maxfield Research will conduct a Site Analysis and a preliminary review of real estate markets. Based on our initial analysis, we will recommend those land uses best suited for the Site. Upon determination of appropriate real estate types based on the Site's characteristics and initial findings, Maxfield Research could provide further detail on those identified land uses in a Full Feasibility Study.

### **SCOPE OF SERVICES**

#### **A. Site Evaluation**

1. Field visit to the Site in Hastings to assess aesthetics, access and visibility.
2. Tour existing building; comment on the subject property and its suitability for rehab and repositioning.
3. Review traffic volumes adjacent to Site.
4. Review existing zoning and planned land uses on and around the property.
5. Identify the Site's adjacent and surrounding land uses and its neighborhood orientation.
6. Discuss proximity to other retail, services, schools, and employment.
7. Assess the strengths and weaknesses of the Site.
8. Discuss the appropriateness of the Site for potential uses given the existing Site qualities.

#### **B. Demographic and Economic Analysis**

1. Identify a draw area for the Site in Hastings.
2. Analyze overall population, household, and employment growth trends through 2020.
3. Analyze age distribution (2000 to 2010).
4. Analyze household tenure data (2000 and 2010).
5. Present data on household incomes by age of householder (2012 and 2017).
6. Analyze Business growth trends (types of business establishments).
7. Present data on overall retail sales and consumer expenditures for retail goods and services (2012 and 2017).
8. Summarize links between demographic/economic profile and potential for various real estate types.

**C. Competitive Market Analysis**

1. Inventory newer competitive for-sale and rental housing developments in Hastings and the surrounding market area. Collect information on average price/rent and target markets.
2. Analyze home resale values in Hastings and the surrounding areas.
3. Examine overall commercial real estate trends either through secondary data or interviews with professionals familiar with the local market.
4. Identify newer, commercial real estate developments in Hastings and the identified market area; including information on amount of space, vacancy rate, and lease rates.
5. Interview residential and commercial real estate agents, property managers, and other real estate professionals regarding the types of real estate products needed in Hastings and the image of the subject Site as a location for re-use/redevelopment.
6. Inventory any pending developments in Hastings and the Market Area. Analyze the potential impact of these projects on the subject Site.

**D. Conclusions and Recommendations**

1. Based on the quality of the subject Site, demographic growth trends, and real estate market conditions, recommend the real estate type's best suited for the subject Site.
2. Provide general estimates of demand for land use concepts that can be supported on the subject Site.

**E. Meetings and Client Contact**

1. One initial orientation meeting with Client to discuss study objectives. This will be coordinated in conjunction with the Site Analysis and building tour work.
2. One conference call to review Memorandum.
3. Memorandum preparation.

**Cost of Staff Time for Market Analysis:**

**\$5,000.00**

**COST OF SERVICES**

The above scope of services for an Initial Market Assessment will be completed for Five Thousand Dollars (\$5,000.00), including the costs for out-of-pocket expenses and one electronic copy. An initial payment of the amount of Two Thousand Five Hundred Dollars (\$2,500.00) is required along with the executed copy of this agreement prior to the commencement of work.

Any meeting time or additional research requested by the Client beyond that outlined in the above Scope of Services will be billed in addition at our standard hourly rates for staff time which range from \$55.00 to \$150.00 per hour.

**If the Client elects to complete the Initial Market Assessment prior to the completion of a Full Market Feasibility Study and within 180 days of the completion of the Initial Market Assessment, Maxfield Research Inc. will credit to the cost of the Full Market Study the cost of completing the Market Assessment.**

#### **WORK PRODUCT**

The Initial Market Assessment will be completed in memorandum format.

#### **COMPLETION TIME**

The Initial Market Assessment will be completed within 35 to 45 days of receipt of an executed contract and initial payment in the offices of Maxfield Research Inc., unless delayed by unexpected emergencies, forces beyond the control of one or both parties or by written agreement of the parties.

#### **PAYMENT**

All invoices are payable to Maxfield Research Inc. within fifteen (15) days of receipt of an invoice showing the work completed and the direct costs for expenses. A finance charge of one and one-half percent (1.5%) per month will be added to the unpaid balance of each invoice not paid within thirty (30) days.

#### **DISCLAIMER**

The objective of this research assignment is to gather and analyze as many market components as is reasonable within the time limits and projected staff hours set forth in this agreement.

We assume no responsibility for matters legal in character. The property/land is assumed to be free and clear of any indebtedness, liens or encumbrances; and good and marketable title and competent management are assumed, unless otherwise stated.

If building plans or site plans are included in the report, they are to be considered only approximate and are submitted to assist the reader in visualizing the property. We assume no responsibility for the accuracy of any building or site plans.

Certain information and statistics contained in the report, which are the basis for conclusions contained in the report, will be furnished by other independent sources. While we believe this information is reliable, it has not been independently verified by us and we assume no responsibility for its accuracy.

The conclusions in the report are based on our best judgments as market research consultants. Maxfield Research Inc. disclaims any express or implied warranty of assurance of representation that the projections or conclusions will be realized as stated. The result of the proposed project may be achieved, but also may vary due to changing market conditions characteristic of the real estate industry, changes in facts that were the basis of conclusions in this report, or other unforeseen circumstances.

This agreement will be construed according to the laws of the State of Minnesota.

#### TERMINATION

This agreement may be terminated upon written notification of either party to the other. In the event of termination, the Client will pay Maxfield Research Inc. for staff hours performed at the firm's normal hourly rates, plus all expenses incurred through the date of termination.

If this proposal meets with your approval, please sign and return one copy to the offices of Maxfield Research Inc.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

MAXFIELD RESEARCH INC.

CITY OF HASTINGS, MINNESOTA



\_\_\_\_\_  
Matt Mullins  
Vice President

\_\_\_\_\_  
John Hinzman  
Community Development Director

