

CITY OF HANOVER
ECONOMIC DEVELOPMENT AUTHORITY MINUTES
June 14, 2012

President Todd Bartels called the Economic Development Authority meeting of June 14, 2012 to order at 8:00am at Hanover City Hall. Commissioners present were: Bartels, Randy Whitcomb, Chris Kauffman (arrived at 8:03am), Jim Hennessey and John Vajda. Absent were: Joe Kaul and Keith Ulstad. Also present were City Administrator Daniel Buchholtz; EDA Consultant Heidi Peper; Brad Bass and Melissa Nelson, Bradford Development; Jeff Grupp; Maxine Ladda; Dan Larson, Hanover Wine and Spirits; Mike Straub, Hanover European Auto Parts; Dave Phillips

Call to Order

Bartels asked if there were any additions to the agenda. Buchholtz asked that the Wright County Economic Development Partnership Event Sponsorship be added as item 3.e.

Approval of Agenda

MOTION by Vajda, second by Whitcomb, to approve the agenda for the June 14, 2012 EDA meeting, as amended. Motion carried 4:0.

MOTION by Whitcomb, second by Vajda, to approve the May 10, 2012 regular EDA meeting minutes. Motion carried 4:0.

Approval of Minutes

MOTION by Whitcomb, second by Hennessey, to approve the accounts payable and financial report, as presented. Motion carried 4:0.

Motion to Approve
Accounts Payable

Kauffman arrived at 8:03am.

Business

Business

1. Low Interest Loan Request – Hanover Wine and Spirits

Low Interest Loan
Request – Hanover
Wine and Spirits

Bartels introduced the item. Buchholtz provided an update on the item. He noted that the supplemental loan request from Hanover Wine and Spirits was tabled at the May meeting due to insufficient information behind their request. He sent the information request to Hanover Wine and Spirits. He noted that the maximum loan amount is \$20,000 under the revolving loan program. He said that the EDA has committed \$6,000 as a loan guarantee, leaving a maximum loan of \$14,000.

Dan Larson, Hanover Wine and Spirits, presented financial information on the first two months of operation. He said the business is 10-15% ahead of their initial sales projections.

Hennessey stated that the first two months of operation have shown the viability of their business. Bartels stated that the ownership has invested in the business personally and that the business plan has passed underwriting standards by BankWest and the SBA. Bartels stated that the EDA had questions on the need for additional funds as the EDA had suggested that Larson include all their funding needs in their SBA loan request. Larson explained that the funds were needed to pay contractors on the build-out of the store. He said the loan would allow funds they had previously set aside for additional product to be used for that purpose.

Whitcomb stated that Hanover Wine and Spirits have passed the critical

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test of the first two months. He said he would recommend approving their loan request. He said that the business is having success despite opening at the same time that CashWise Liquors in St. Michael tripled their space. Buchholtz noted that the loan will likely be unsecured, as the SBA loan will have first claim on assets in the case of default.

MOTION by Vajda, second by Whitcomb, to recommend approval of a \$14,000 loan at an interest rate of 2%. Motion carried 4:0:1 (Kauffman abstained).

MOTION to recommend approval of \$14,000 loan.

2. Discuss Options for Hanover European Auto Parts

Discuss Options for Hanover European Auto Parts

Bartels introduced the item. Buchholtz introduced Mike Straub, owner of Hanover European Auto Parts. Buchholtz gave a brief overview of the Special Use Permit and how nuisance violations have been addressed up to this point. He said Straub addressed the City Council to address the most recent violations, where a deadline of May 31 had been set for removal of all cars stored outdoors. He said the deadline was not met but that Straub was making progress. He said the City Council asked that Straub meet with the EDA to discuss potential options to address these continuing violations.

Buchholtz stated that the City/EDA needs to identify the underlying issue: if the issue is outdoor storage, then a solution may be as simple as finding land for Straub to lease where cars could be stored; if the issue is a desire to move his non-conforming business out of the Downtown River District, then a more substantial solution.

Hennessey stated that the current location of Straub's business hinders the ability of Straub to maximize the product available. Straub agreed, stating that he has been unable to take advantage of business opportunities due to the lack of space to stage those purchases.

Dave Phillips, an architect working with Straub, stated that the City needs to have a long-term vision for the riverfront property. He said he is working to identify a way to build an expansion onto the existing building to would accommodate Straub's needs. Hennessey stated that the City's Comprehensive Plan has a very clear vision for the Downtown River District and an expansion of that building would not be in conformance with that vision. Kauffman stated that he was unaware that an expansion could even be done with the existing shoreland rules. Phillips stated that he believed that State Law had changed to allow expansion of use on non-conforming structures. Buchholtz stated that the City Code does not allow for such expansions and that a variance would be required to allow for an addition in the shoreland setback as well as for expanding the non-conformity.

Hennessey asked about any financial limitations. Straub stated that everything associated with the business is paid for. He said any move would require significant moving expense and down time, which could result in a loss of customers. He admitted that a new location without the

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zoning limitations could result in significant growth in his business.

Discussion ensued about potential locations in the existing industrial park and the acquisition of Straub's building. Straub stated that the ability of park 10-20 cars should not cost hundreds of thousands of dollars. He said he has no desire to double his business at this stage of his life. He said he is unwilling to take on a mortgage at this stage of his life. He said that he wants to get to a position where he is in compliance with the zoning code. He expressed frustration associated with learning that the Mayor had trespassed on his property to take photos of how many cars were on the property. Waters stated that he was within his rights as Hanover European Auto Parts was a retail operation.

Phillips inquired about the nature of the nuisances. Buchholtz stated that the nuisances related to outdoor storage. He said outdoor storage is the key issue. Phillips asked if the outdoor storage requirements applied to licensed/operable cars. Buchholtz stated that if those cars are meant to be disassembled, he interprets that as inventory under the zoning code.

Bartels asked that Straub seriously consider the benefits of relocating rather than just finding a location to store cars. Straub stated that he is unsure he can afford relocating. He said he did not want to jeopardize his business on a relocation plan.

Hennessey stated that the missing piece is what is Straub's long-term vision for his business. He suggested Straub consider this question as part of the ongoing discussion. Peper suggested setting up a working group made up of Straub, Buchholtz, Peper, and a Commissioner to work through these issues and come up with a workable solution. Bartels stated that he would like to serve on that working group. Buchholtz stated that he would attempt to convene that working group in the next several weeks.

No action was taken on the item.

3. 2011-12 Work Plan

No action taken

Bartels introduced the item. Buchholtz stated that he has updated the work plan to reflect recent developments on the items. Peper provided an update on the BDIP grant, stating that the funds need to be expended by November 30, 2012. She said that any change to the plan would need to be approved by DEED. Kauffman asked if an extension was possible. Peper stated that she could broach that subject with DEED.

EDA Work Plan

Hennessey suggested working with Pearson Brothers to extend Lamont Avenue and associated infrastructure into their 13-acre parcel to enhance the value of the property. Peper stated that those would be eligible activities but that those improvements need to be tied to job creations. Bartels asked if the 10-acre parcel was off the table for industrial development. Buchholtz stated yes, noting that the amount of concrete debris makes development extremely expensive. Bartels inquired about

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the front portion of the 10-acre parcel. Buchholtz stated that the City was looking at putting its public works building on that property. Bartels asked if any land would be available for Hanover European Auto Parts. Kauffman stated that a park is planned for the rear portion of the property, so it may not be compatible. Peper stated that the City Council has essentially made the decision that the 10-acre parcel is out of the picture.

Peper stated that DEED will look upon a future grant application favorably if the EDA was to turn back the existing grant. Kauffman stated that he would like to explore working with Pearson Brothers to extend Lamont Avenue before making a decision to turn back the grant. Consensus was to have staff review these options before the July meeting.

Hennessey stated that he would like to have today's action on Hanover Wine and Spirits loan application.

No action was taken on the item.

No action was taken.

4. Senior Housing Update

Senior Housing
Update

Bartels introduced the item. Buchholtz provided an overview on a potential senior housing opportunity before the City. Buchholtz reported that he had identified a developer who is willing to look at constructing senior housing on the property the City purchased in the Bridges at Hanover. Buchholtz introduced Brad Bass and Melissa Nelson from Bradford Development.

Bass provided an overview of Bradford Development, his contact with the City of Hanover and the Green House assisted living concept. He encouraged members to check out the website – www.thegreenhouseproject.org – for more information. Kauffman asked who would manage the facility. Bass stated that Bradford Development would manage the facility. Kauffman inquired about staffing levels. Bass stated that RNs and LPNs staff the facility on a 24-hour basis. Kauffman noted that the proposed facility is similar to one where his mother currently lives. He stated that facility generates very little traffic and blends beautifully into the neighborhood.

Bass stated that he is not wedded to any particular site. He said that he is looking to work with the City of Hanover to fill a particular need. Hennessey inquired if Bass read the Maxfield senior housing study. Bass stated no; stating that a market study does not reflect the true needs of the community. He said that he counts on the community to tell him whether there is a market or not. He said that he would likely start with a 10-12 unit facility and grow from there.

Hennessey asked if Bradford Development is able to provide services outside the facility. Bass stated that they are licensed to do that. Kauffman asked if a pharmacy or grocery store was needed in advance of the Green House. Bass stated that medications and food are brought to the facility. He said there is a van that does provide resident

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transportation to doctor appointments and senior events.

Hennessey stated that this is a tremendous business opportunity for the community. He said that the location is yet to be determined. Peper stated that the EDAs role is to facilitate the location of this facility in the City of Hanover. Bass stated that this is a great opportunity for the City to attract investment into the community and fill a stated need in the community. He said that the project, from a distance, will look like a townhome development with the same architecture as the existing neighborhood.

Hennessey asked if Bass would be willing to participate in a community event to help educate the community on the Green House. Bass stated that he would be willing to do so, but felt that the responsibility of educating residents lies with the City.

Jeff Grupp, Bridges at Hanover Homeowners Association, stated that the residents of the Bridges at Hanover addition reacted to a poorly worded news article that did not reflect the present situation. He said the neighborhood is protective of what they have. Kauffman stated that the information presented – the project is privately financed, there is minimal traffic, there is no need for a pharmacy or grocery store, it could participate in the maintenance of Association owned trails – should alleviate Grupp’s concerns. Grupp stated that he would remain concerned until the points were all documented. Grupp stated that the townhome component of their neighborhood has been a failure. Bass stated that the townhome concept is a choice while the assisted living concept is a necessity.

Maxine Ladda, 9859 Beebe Lake Road, stated that it is difficult for a person to put their parents in a facility. She said that the decision would be easier if there was a facility in our community. She inquired about the establishment of a committee to look into it. Buchholtz stated that the committee has not yet been appointed. Ladda expressed in interest in participating on the committee. Grupp stated that he is not opposed to a facility that helps seniors; he just wants to make sure that a business is compatible with a residential neighborhood.

Bartels suggested establishing a committee to work on this issue that represents the potential stakeholders. Kauffman agreed, stating that it should work closely with the EDA and City Council.

No action was taken on the item.

5. Wright County Economic Development Partnership Event Sponsorship Wright County EDP
Event Sponsorship

Bartels introduced the item. Buchholtz stated that the Wright County EDP is hosting an event at Hanover City Hall on July 12 that will bring resources for local businesses together. He said the Partnership is looking for an exclusive sponsor for the event. He said the sponsorship cost \$250.

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MOTION by Kauffman, second by Vajda, to approve the sponsorship of the Wright County EDP event on July 12. Motion carried 5:0.

MOTION to approve the event sponsorship

Reports

Reports

1. **Board Member Reports**

No reports.

2. **Executive Director Report**

No report.

Adjournment

Adjournment

Meeting adjourned at 10:43 am.

Daniel R. Buchholtz, Executive Director