

CITY OF HANOVER
ECONOMIC DEVELOPMENT AUTHORITY MINUTES
August 11, 2011

President Bartels called the Economic Development Authority meeting of August 11, 2011 to order at 8:00 a.m. at Hanover City Hall. Commissioners present were: Bartels, Jim Hennessey, Chris Kauffman, John Vajda, and Keith Ulstad. Absent: Joe Kaul and Randy Whitcomb. Also present was City Administrator Daniel Buchholtz; Jason VerSteeg, Duinick Brothers, Inc; and Mayor Martin Waters. Call to Order

MOTION by Hennessey, second by Vajda, to approve the agenda for the August 11, 2011 EDA meeting. Motion carried 5:0. Approval of Agenda

Hennessey requested that the minutes be amended to show that Kaul volunteered to serve on the marketing subcommittee. Approval of Minutes

Buchholtz stated that Kaul requested that the following statement be stricken: "Kaul noted that Ebert hadn't received any inquiries."

MOTION by Vajda, second by Hennessey, to approve the July 14, 2011 regular EDA meeting minutes, as amended. Motion carried 5:0.

MOTION by Hennessey, second by Kauffman, to approve the accounts payable and financial report, as presented. Motion carried 5:0. Motion to Approve Accounts Payable

Business Business

1. Duinick Brothers, Inc – Senior Housing Presentation Senior Housing Presentation

Bartels introduced the item. Buchholtz introduced VerSteeg to the EDA. VerSteeg stated that former Mayor Maxine Ladda approached Duinick Brothers about the City's need for affordable senior housing. He said that Duinick Brothers has some land that is available. He said after some discussion, they decided on a small parcel of land that is part of the Hanover Commons plat. Buchholtz noted that the location of the senior housing would be just east of River Road and north of a future extension of 5th Street. Hennessey stated that while this is a more intense use than what was originally proposed, it is consistent with the vision of the City as the City required Paumen to make 25% of the units "senior friendly." Buchholtz noted that the proposed site is very close to sanitary sewer and water mains, as well as roads with capacity for additional traffic.

VerSteeg provided an overview of the senior housing layout, noting that the layout shows a bus stop, a community room, and other senior friendly amenities.

Bartels inquired who the developer would be. VerSteeg stated that they are looking at it as a Duinick Brothers development. He said they have begun the process of putting together a pro forma to make sure that the development is profitable at current market rents. Hennessey asked if this project would be rental housing. VerSteeg stated that while Duinick Brothers is open to a variety of arrangements, he said they are looking at a rental project. He said they have found a builder to be a partner in the project. Bartels asked if Duinick Brothers has other rental housing.

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VerSteeg stated that the Duininck Brothers ownership has participated in a housing project in Prinsburg.

Hennessey stated that the City is currently busing out its senior to the Crow River Senior Center in St. Michael. He said that it would be great to keep seniors in Hanover.

Kauffman inquired how many seniors have signed up to rent a unit. VerSteeg stated that the project is not at that point. He said that the citizen senior housing committee is confident that they can recruit 20 seniors to sign up. Bartels asked how many units were shown on the layout. VerSteeg stated that the layout shows 56 units. He said that since the project consists of three buildings the project can be done in three phases.

Bartels asked what the next step was. Hennessey stated that he felt the focus should be on pre-selling the project. VerSteeg stated that the initial cost estimates are showing higher rents than what the citizen senior housing committee was envisioning. Bartels asked if VerSteeg is using rents in St. Michael as a benchmark. VerSteeg stated that they haven't developed a final pro forma. He said the proposed project is \$4 million. Ulstad stated that market rents would likely be around \$1,800 per month. VerSteeg stated that similar units in St. Michael are renting for around \$1,000 per month. Bartels asked about the difference in rents. VerSteeg stated that the units in St. Michael are subsidized. Bartels inquired about methods to subsidize rents. Buchholtz stated that the City could apply for funds through the CDBG Suburban Consolidated Pool program. He said the City could also provide assistance through the establishment of a housing tax increment financing district. He said the housing TIF would capture taxes generated from the project and rebate to the property owner for parking lot grading and infrastructure improvements. He said the catch of the program is that 60% of the units must be rented to low or moderate income individuals.

Ulstad inquired as to the target audience. VerSteeg stated that they are looking at individuals aged 50 or older. Ulstad stated that the problem with senior housing at the present time is that potential tenants are unable to sell their homes in the current housing market. He said he is not too concerned about the income requirements of the housing TIF or CDBG programs as wealth is not part of the income requirement. He said a key market will be individuals who want to move their parents closer to them.

Kauffman inquired as to the EDA's role in this project. Buchholtz stated that the EDA's role is to help identify any hurdles for the private sector to build senior housing in Hanover and, if there are hurdles, to identify ways that the EDA could assist the private sector in overcoming them. Ulstad stated that Duininck Brothers needs to identify the actual rental rate and then identify programs that could help bring down the rental rates closer to the market. VerSteeg stated that they have preliminary estimates on the cost of the buildings, site work and infrastructure. Ulstad stated that the next step is to identify what rents Duininck Brothers needs to charge in

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order to make a reasonable rate of return on the project. Buchholtz stated that the liaisons to the citizen senior housing committee should look for individuals who would be interested in moving into the project. Bartels said the committee should be careful not to set an expectation of rent that may be below what the actual rent may be.

VerSteege stated that Duininck Brothers is committed to do a project on the Arneson pit property. He said they would like to work with the City to achieve a successful project. Kauffman stated that while he is willing to have the EDA and City assist with the project, he is not willing to be a major financier of the project. He stated that he would accept the creation of a housing TIF district to assist with financing the project. Bartels stated that he is committed to working with the Planning Commission and City Council to make approval of this project much smoother.

No action was taken on the item.

2. Approval of Revolving Loan and Matching Grant to M. Miller Trucking

Approval of Revolving
Loan and Matching
Grant to M. Miller
Trucking

Bartels introduced the item. Buchholtz reported that Mark Miller, M. Miller Trucking is looking to expand his property on 5th Street. He said that the Planning Commission and City Council has approved the site plan for the new facility. Buchholtz stated that Miller has applied for a \$20,000 loan from the City's revolving loan fund for the new building and a \$1,000 matching grant for façade improvements to the existing building. . He said that BankWest is providing a majority of the financing for the project. Buchholtz stated that the loan committee, made up of Vice President Whitcomb and he, reviewed the application and determined Miller to be a good credit risk. He said the loan committee is recommending a 10-year loan at 2% interest. He stated that the EDA would take a junior position, behind BankWest, on the land as collateral for the building,

Bartels asked if the property is compliant with the City's zoning and nuisance ordinances. Buchholtz stated that the property is in compliance with the City's zoning ordinances. Hennessey concurred, stating that the Planning Commission was extra thorough on this property.

MOTION by Hennessey, second by Vajda, to approve a \$20,000 loan and a \$1,000 matching grant to Mark Miller for the business expansion project for M. Miller Trucking. Motion carried 5:0.

3. Branding Committee Update

Branding Committee
Update

Bartels introduced the item. Buchholtz stated that the Branding Committee has developed five designs. Waters provided an overview of the Branding Committee's work and stated that he is seeking feedback from the EDA.

Bartels stated that none of the designs really attracted his interest. He questioned the color choices. Buchholtz stated that he was attracted to design D as his first choice and design E as his second choice.

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Hennessey asked what the City was trying to accomplish with a new logo. Bartels felt that a new logo will freshen up the City's image. Buchholtz, agreed, stated that the existing logo looks dated. Hennessey stated that design D was his favorite of the proposed logos as it continues the City's river theme. Bartels stated that he likes option D the best, although he would like the color schemes to be evaluated to bring out bright colors. He said it is important to think about how the logo will look on letterhead, envelopes, clothing, and accessories. He said there could be multiple styles of the same logo with a style guidelines.

Buchholtz asked members to send an e-mail to Mayor Waters with feedback on the various options.

No action was taken on the item.

4. Proposed 2012 Budget and Tax Levy

Proposed 2012
Budget

Bartels introduced the item. Buchholtz provided an overview of the proposed 2012 budget. He said the proposed EDA levy will be about 2.2%. He said he is proposing a levy of \$46,387 for 2012.

MOTION by Hennessey, second by Kauffman, to approve the proposed 2012 EDA levy. Motion carried 5:0.

MOTION to approve
2012 prelim. tax levy

5. Hennepin County Corridor Grant Application Update

Hennepin County
Corridor Grant
Application Update

Bartels introduced the item. Buchholtz reported that the City was awarded a \$18,750 grant from Hennepin County for market study of the County Road 19 corridor. He said the match for the City is 25%, or \$6,250, which provides \$25,000 in resources for the project.

Kauffman asked which firm would be used for the study. Hennessey stated that he was not impressed with the work that Maxfield Research has done on the senior housing market study and the Mercantile Pass retail study. Ulstad stated that he would recommend McCombs or Hoisington Koegler as two options.

Hennessey stated that he felt the market study could be a tool to evaluate the appropriate zoning of the entire Hennepin County Road 19 corridor.

MOTION by Kauffman, second by Hennessey, to accept the Hennepin County Corridor Grant. Motion carried 5:0.

MOTION to accept HC
corridor grant

Reports.

1. Board Member Reports

Board Member Report

Hennessey provided an overview of the Wright County Economic Development Partnership and Greater MSP meetings he attended. He stated that he believes there are a number of ways the City can maximize its membership in the Wright County Economic Development Partnership.

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2. **Executive Director Report**

Executive Director
Report

No report.

Adjournment

Adjournment

MOTION by Vajda, second by Whitcomb, to adjourn the meeting at 9:24 a.m.
Motion carried 5:0.

Daniel R. Buchholtz, Executive Director