



## HOUSING AND REDEVELOPMENT AUTHORITY AGENDA

Tuesday, June 17, 2014

6:50 p.m.

Coon Rapids City Center  
Council Chambers

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### Call to Order

### Roll Call

### Approval of Minutes of Previous Meeting

### New Business

1. Consider Loan Agreement for Coon Rapids Evergreen 23 LLC, 8701 and 8835 Evergreen Blvd.

### Other Business

### Adjourn



## HRA Regular

1.

**Meeting Date:** 06/17/2014

**Subject:** Consider Loan Agreement for Coon Rapids Evergreen 23 LLC, 8701 and 8835 Evergreen Blvd.

**From:** Matt Brown, Community Development Specialist

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## INTRODUCTION

The HRA is asked to consider business development loans for a new freight terminal located at 8701 and 8835 Evergreen Boulevard.

## DISCUSSION

In February 2014, the Planning Commission approved a site plan for a 42,000 square foot freight terminal with a 9,300 square foot office and 14,000 square foot maintenance building near 87th Lane NW and Evergreen Boulevard. A future phase of this project was approved at the same time and includes a 103,000 square foot warehouse. The business, Magnum Trucking, has requested financial assistance from the HRA to fill a financing gap. Magnum will relocate 172 jobs from its existing Blaine location and create 65 new jobs with an average wage of at least \$21.67 per hour.

It is proposed that the HRA provide two loans in the amount of \$250,000 each (a total of \$500,000). The term of each loan is 20 years and the interest rate is 5.25%. This amounts to about 4% of total project costs. Other sources of financing include a bank loan, an SBA 504 loan, and owner equity. The loan proceeds will fund the construction of the freight terminal/office building and maintenance building. This phase of the project will not include construction of the 103,000 warehouse. The first phase will, however, involve acquisition of land for the future warehouse and installation of pavement on that part of the site. The loans will be secured with mortgages against each of the two properties. The HRA will be in a subordinate position on both loans.

The project does not meet all of the HRA's commercial loan guidelines, including:

1. **Loan Amount.** The loans exceed the HRA's maximum loan amount of \$200,000.
2. **Project Type.** The commercial loan policies that the HRA adopted when the Loan Fund was established in 2013 list "warehousing and wholesaling" as an ineligible activity.
3. **Project Phasing.** The proposed loan term is 20 years, while the HRA's maximum term is 15 years. The 20 year term is intended to match the term of the SBA loan.

Because the loan policies are adopted by the HRA, it is possible for the HRA to deviate from the policies if a particular project meets other City goals. The HRA previously discussed these deviations in a June 3rd worksession. Staff estimates that the terminal/office and maintenance buildings could generate about \$30,000 per year in City property taxes. Staff from Central Minnesota Development Company, which will service the loan, reviewed the loan application and recommends approval of the credit request. If the HRA is comfortable with the deviations from its loan policies, it can approve loan agreements for the two loans. The loan agreements will be provided at Tuesday's meeting. Because this financial assistance package is a market-rate loan generally available to other similar businesses, it is exempt from the Minnesota Business Subsidy Act and does not require a public hearing.

## RECOMMENDATION

If the HRA is comfortable with the deviations from its loan policies as listed above, Staff recommends that the HRA:

- a. Approve loan agreements with Coon Rapids Evergreen 23 LLC.
- b. Authorize the Chair and Secretary to execute the loan agreements and authorize the Executive Director to execute additional loan documents as necessary for closing.

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**BUDGET IMPACT:**

The revolving loan fund account's balance is approximately \$150,000. If the HRA decides to proceed with this expenditure, Staff will prepare a resolution to amend the budget of the HRA administration account to allocate additional funds for the revolving loan fund. The Council would consider this resolution at a later date.

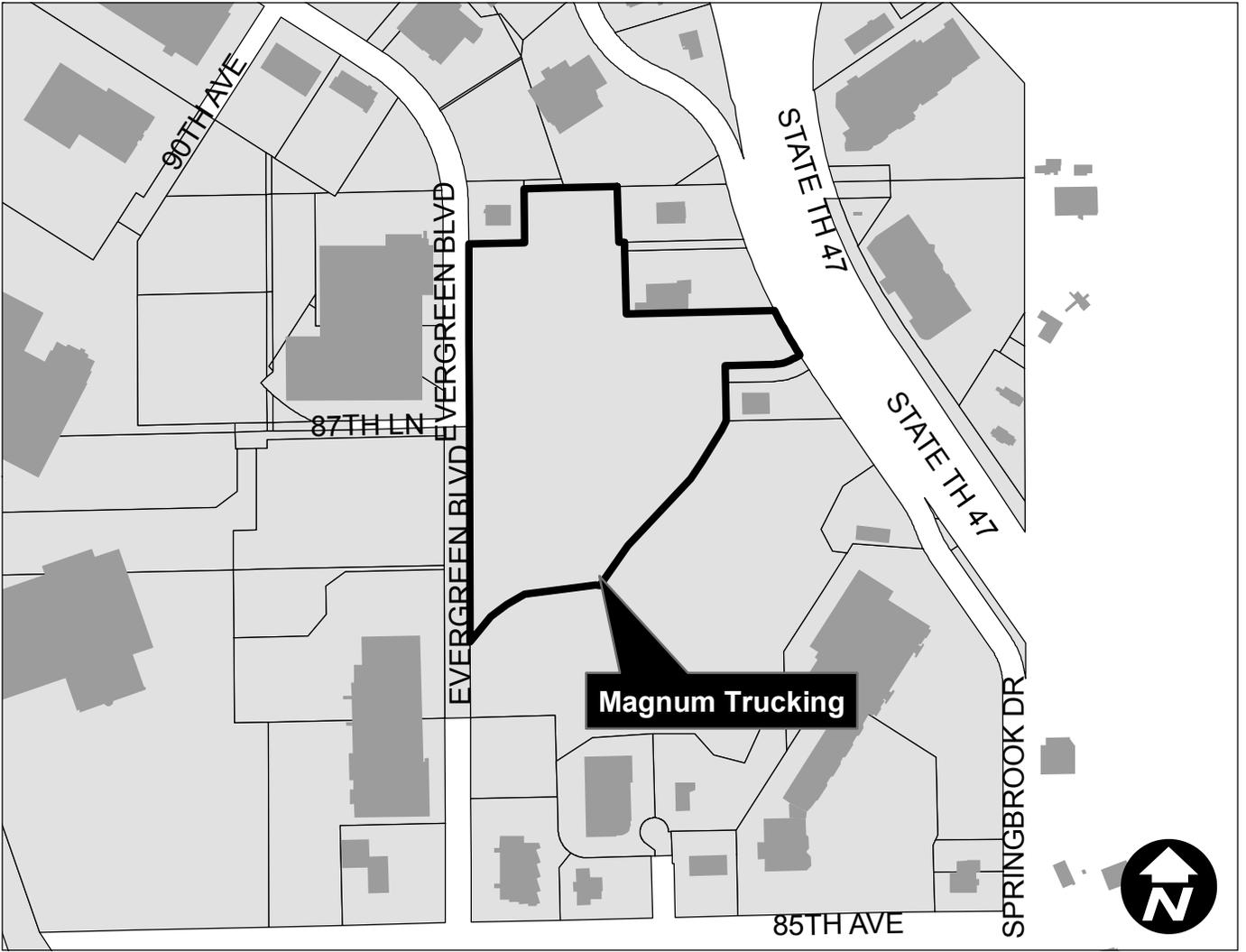
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**Attachments**

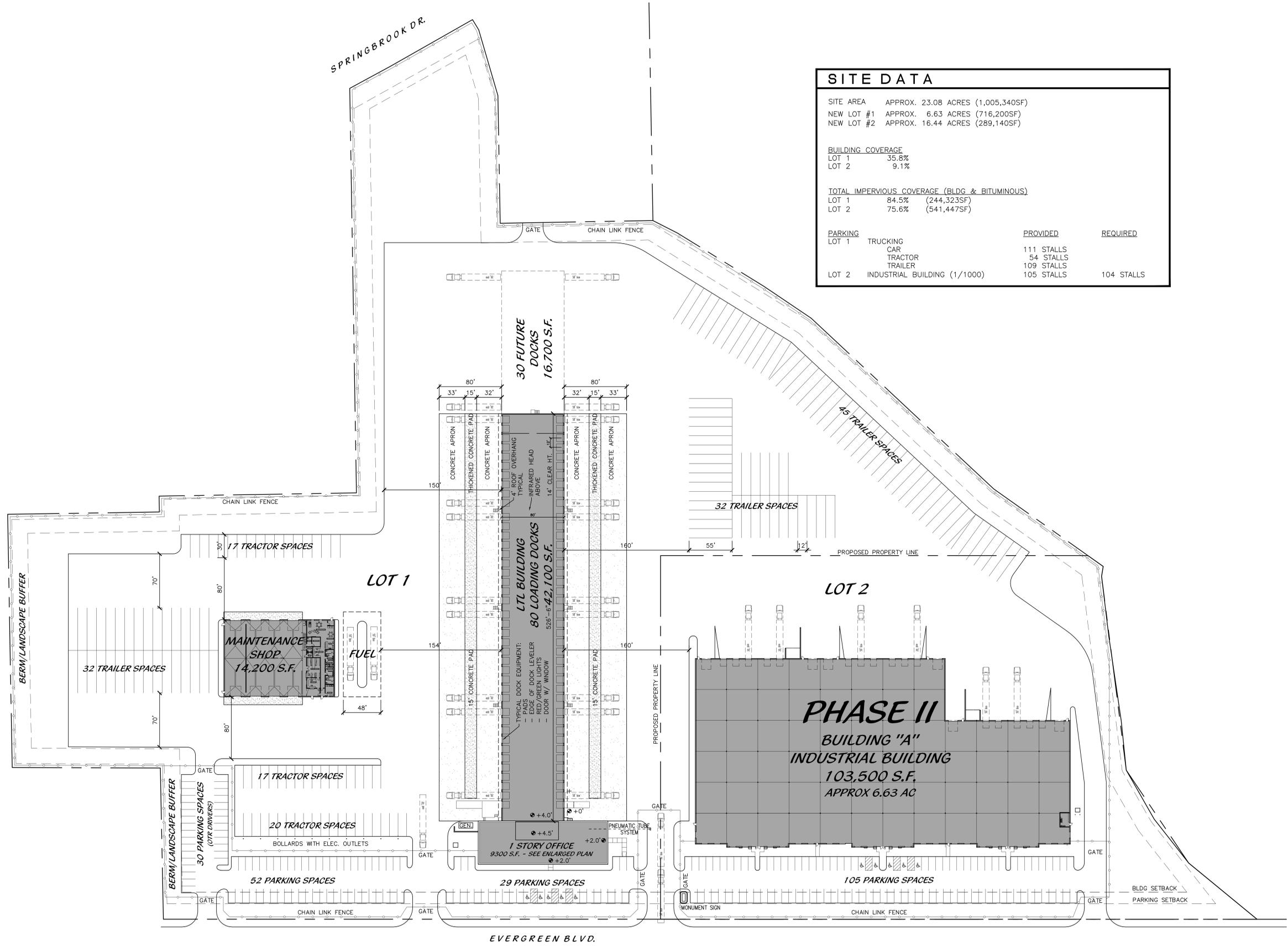
Location Map

Site Plan

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SITE DATA			
SITE AREA	APPROX. 23.08 ACRES	(1,005,340SF)	
NEW LOT #1	APPROX. 6.63 ACRES	(716,200SF)	
NEW LOT #2	APPROX. 16.44 ACRES	(289,140SF)	
<b>BUILDING COVERAGE</b>			
LOT 1	35.8%		
LOT 2	9.1%		
<b>TOTAL IMPERVIOUS COVERAGE (BLDG &amp; BITUMINOUS)</b>			
LOT 1	84.5%	(244,323SF)	
LOT 2	75.6%	(541,447SF)	
<b>PARKING</b>			
LOT 1	TRUCKING	<b>PROVIDED</b>	<b>REQUIRED</b>
	CAR	111 STALLS	
	TRACTOR	54 STALLS	
	TRAILER	109 STALLS	
LOT 2	INDUSTRIAL BUILDING (1/1000)	105 STALLS	104 STALLS



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A0  
**PRELIMINARY SITE PLAN**  
 1" = 50'-0"



- PRELIMINARY/NOT FOR CONSTRUCTION
- PERMIT/BD SET
- CONSTRUCTION SET
- AS-BUILT SET
- NOT TO SCALE