



Legislation Details (With Text)

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Title: Micro-Grant Application (Hot Spot Music, LLC)

Sponsors:

Indexes:

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Attachments: 1. 1 - Hot Spot Music, LLC EDA Micro-Grant Application, 2. 2 - Loan Sub-Committee Minutes 3-15-18

Date	Ver.	Action By	Action	Result
3/22/2018	1	Economic Development Authority	approve	Pass

Date: March 22, 2018

To: Members of the Economic Development Authority

From: Nate Carlson, Economic Development Coordinator
Chris Heineman, Community Development Director

Micro-Grant Application (Hot Spot Music, LLC)

Summary and Action Requested:

Consideration of a recommendation from the EDA Loan Sub-Committee regarding a \$5,000 Micro-Grant application from Hot Spot Music, LLC.

Background:

Hot Spot Music, LLC is requesting a \$5,000 Micro-Grant from the Clement Shearer EDA Micro-Grant Program. The owners, Martha Larson and Nat Wilson, have provided an application for the funds, which can be found attached to this report. Ms. Larson and Mr. Wilson introduced their project to NEC Director, Chris Whillock, and Economic Development Coordinator, Nate Carlson. Chris found that this project might be a suitable recipient for the EDA's Micro-Grant program. Chris, Nate, Martha and Nat worked to refine the project and complete the application to EDA Board standards. This application was provided to staff on March 5. Staff has reviewed the Micro-Grant application thoroughly.

Hot Spot Music, LLC has been in operation since September of 2015 located at 801 Division St. S., Northfield, MN. The business specializes in music, theater and visual arts activities. The primary business model for Hot Spot Music is providing fully functional rehearsal, lesson, jam session, workshop and performance space for local musicians. The building also serves as a retail space and education space for music teachers and a small instrument repair shop.

At this time, Martha and Nat have identified a remodel opportunity for their company. Since acquiring the

building in 2016, they have made significant investments to better the property and establish a long-term building improvement plan. Their current project primarily relates to the remodeling of the HVAC systems. Martha and Nat are requesting funding to assist with a complete improvement of the cooling system for the business. This improvement will provide significant relief for operations during the summer months as they have had difficulty with programming during warm times. Martha and Nat have identified the project cost breakdown in their application. They have also included the overall project costs for the long-term building improvement project. Here is the breakdown of costs:

Building down payment:	\$42,954
New paint and carpeting:	\$ 291
Bathroom Remodel:	\$ 410
Security system:	\$ 435
Roof replacement:	\$8,474
Lighting upgrade:	\$2,067
Air conditioning remodel:	\$12,000
 Total Project	 \$66,631

The EDA Loan Sub-Committee met on March 15 to review the submitted application. The minutes of the meeting are attached. Committee members have made the following recommendation to the EDA Board:

“The EDA Loan Sub-Committee recommends granting Hot Spot Music, LLC \$5,000 for the purpose of EDA assistance with business expansion and building remodel efforts.”

Options:

The EDA Board has the following options:

- 1) Approve the recommendation of the EDA Loan Sub-Committee to fully fund the Micro-Grant application of \$5,000.00.
- 2) Decline the recommendation of the EDA Loan Sub-Committee and provide an alternative amount.
- 3) Decline to approve the Micro-Grant application.

Recommendation:

Staff recommends approval of an EDA Micro-Grant in the amount of \$5,000 to Martha Larson and Nat Wilson for expansion of their business.