

**THE MEETING OF THE PRINCETON EDA BOARD HELD ON FEBRUARY 17, 2011, AT 6:00 P.M.,  
AT THE CITY HALL COUNCIL CHAMBERS**

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Paul Whitcomb called the meeting to order at 6:12 P.M. (Meeting was delayed to meet the requirements for a quorum) Members present were Thom Walker, Grady Clark, Ben Hanson, Cindy Riddle, and Victoria Hallin. Staff present were Jay Blake and Mary Lou DeWitt.

Absent: Charles Snustead

**OATH OF OFFICE:**

Grady Clark took the Oath of Office.

**APPROVAL OF MINUTES FROM THE REGULAR MEETING ON JANUARY 20, 2011**

HANSON MOVED, SECOND BY WALKER TO APPROVE THE MINUTES FROM THE REGULAR MEETING ON JANUARY 20, 2011. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

**UNFINISHED BUSINESS:**

**A. Madre Loca Restaurant Revolving Loan Application**

The City of Princeton's Revolving Loan Fund was created from funds from a UDAG Grant, Urban Development Action Grant. There is approximately \$94,000 in the Revolving Loan Fund. Heide Burns has purchased the former Pine Loft Restaurant building in November, 2010, and is requesting a loan from this fund. An application was filled out and the amount that had been requested at that time was \$17,187.60 for equipment. Burns is now requesting an additional \$7,000 for a security system where the total would be \$24,187.60.

Heide Burns along with her Attorney Randy Johnson were present to address any questions the EDA Board may have. Johnson is helping Burns with the paperwork for the Revolving Loan Fund. Johnson said this loan would be used on equipment and a \$7,000 security system.

Burns said she has had theft from employees already and believes it would be in her best interest to have a security system. She has talked to a business in town that sells security systems. She has not had any luck with renting the apartment that is attached to the building. It is a very nice three bedroom unit. Burns would like to add on to the bar area upstairs with a POS System, two beer coolers, and a Vitamix blender. The equipment she wants to purchase would be new and would be energy efficient. Restaurant equipment holds value. The pricing does include installation. It was mentioned that with buying energy efficient equipment there could be rebates and Burns said she will check into that with Princeton Public Utilities.

Walker suggested that if there were any rebates available she could apply those to the loan.

Johnson said that would not be a problem applying any rebates to the loan.

Burns said her business has been open since January 4, 2011, and she is very pleased with the sales from the opening. The sales are better here than what they were at her Cambridge restaurant opening and there is more seating here also.

Hanson commented that some of the items Burns is purchasing could be used as collateral on

the loan but not all, like the security system. Hanson is asking how this loan could be secured to protect the City of Princeton's interest.

Blake is not aware of any type of security that could be used to assure this loan. The City is assuming some risk. He does not know what the interest rate would be. There should be no penalty for prepayment.

Randy Johnson mentioned that Burns has already gone through the lending process and was approved for a loan so if the bank is comfortable giving her a loan, the EDA Board should feel better with approving her for this loan.

Burns would like to have a loan that is a five year balloon where there are smaller payments in the beginning.

Walker said interest only payments for the first year and amortization for the remaining term.

Blake will have Steve Jackson, Finance Director put together two options with the figures and then Burns can decide which one she would like. Then the City Attorney can draw up the papers.

HANSON MOVED, SECOND BY RIDDLE TO HAVE STAFF PREPARE TWO OPTIONS FOR A REVOLVING LOAN IN THE AMOUNT OF \$24,187.60:

OPTION ONE: 4.5% INTEREST RATE, TEN YEAR AMORTIZATION, WITH A 60 DAY DEFERRAL ON THE FIRST PAYMENT, INTEREST BEGINS UPON DISBURSEMENT, INTEREST ONLY PAYMENTS FOR THE FIRST YEAR, AND A BALLOON PAYMENT DUE WITH 60<sup>TH</sup> PAYMENT.

OPTION TWO: 4.5% INTEREST RATE, 15 YEAR AMORTIZATION, INTEREST BEGINS UPON DISBURSEMENT, A 60 DAY DEFERRAL ON FIRST PAYMENT, AND A BALLOON PAYMENT DUE WITH 60<sup>TH</sup> PAYMENT.

UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

#### **B. Central Minnesota Housing Partnership**

Bill Reinke and Deanna Hemmesch, Central Minnesota Housing Partnership, were present to update the EDA Board on the CMHP was present to update the EDA Board on their proposed site. Reinke said they are in the process of purchasing the 1,000 foot strip of land that is next to their site. If they are able to purchase this strip, it would increase the units to 36. If they are unable to purchase that area, they are still hopeful to add a few more units to their original plans. They have named the development East Birch Estates.

Hallin asked if they are unable to purchase that extra piece of land next to their site what could that property be used for.

Blake said it is an acre of land with frontage road so it is a buildable lot. It would have assessments for sewer and water.

Hanson asked if the underground parking is still in the plans.

Reinke said yes. Having the garages underneath the units helps add more units to the development. There will be a security system for the buildings. Four of the units will be for those that have been homeless for a long term. This is required for tax credits. Rent will follow MN Housing guidelines. They will be applying for tax credits. Construction will start in 2012 and hopefully not long after will be available for living.

Hemmesch said the apartments will be more expensive because the utilities will be included in the rent.

There was concern that with the garages underneath the units that this made the buildings four stories. After looking closer at the plans, it was determined that they are three stories.

Blake said the water needs to be looped to increase water flow. The Princeton Public Utilities would like to run a 12 inch water main because the pipe is cheaper. They would also like to install the electrical for that site underground. The Feasibility Report will be brought to the City Council at their next meeting. The plans are to connect 13 Avenue to Highway #95. The Council will have to determine if it is feasible to have the road done. The area that is covered by the improved water flow for fire protection will be assessed. The City Engineer will have to make a few different cost estimates that could be used for roads here from left over funds from other projects. The re-platting of this property if the other lot is purchased can come out of the NSP Program Funds.

Reinke said that there will be a play area, community room, and tuck under garages. There will be elevators for the apartments.

Clark asked if any of this site is on old railroad line.

Reinke said some of it is. A title search and mineral rights will be done which includes GEO Technical Survey and soil boring.

Clark thought the railroad gets to keep land that they had for 75 years.

Walker said he would prefer if they did not put vinyl siding on the buildings. It usually looks good for only a 15 year period. Walker would suggest steel or hardy board which last longer.

Reinke said they will look into it. He will see what was used on the West Birch buildings. West Birch is 12 –13 years old and still looks good.

**NEW BUSINESS:** None

**OLD BUSINESS:** None

**MISCELLANEOUS:**

**A. EDA Balance Sheet**

The EDA Board had no comments.

**B. Verbal Report**

Blake said the Feasibility Report will be requested to the City Council for this project with different options. There is continued anchor store discussion with Dylan Howard. Hy-Tech Automotive may apply for the Revolving Loan for \$10,000 to be used for equipment expansion. The City of Princeton along with City of Milaca are on the short list for the Small Cities Development Program grant of \$600,000 each which would be a total of 1.2 million. The grant funds would be for owners interested in improving their commercial buildings. This grant would provide assistance to the owners with a 0% interest rate, 10 year loan, with a requirement that the owner match the loan. The match must be 50% of the total cost of improvement, or equal to the amount of the SCDP loan and the availability maximum is \$25,000 per property. There is also a grant with this program for homeowners interested in improving their homes. With the residential grant there is a 0% interest, 10 year loan term, and the homeowner is asked to match 10% of the total cost of the improvements. If their income level makes it unable to make the match that will be waved. The maximum loan for each property is \$23,000. If we receive this grant and use all the funds we have the possibility of getting more. This program runs for a total of 30 months, usually starting April 1, 2011 through September 30, 2013.

Clark is new to the EDA Board would like to know more about it and would like to see a ten year vision of what the EDA Board would like.

**C. City Council and Planning Commission Minutes for January, 2011**

The EDA Board had no comments.

WALKER MOVED, SECOND BY RIDDLE TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 8:15 P.M.

ATTEST:

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Paul Whitcomb, President

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Mary Lou DeWitt, Comm. Dev. Assistant