

**THE REGULAR MEETING OF THE PRINCETON EDA BOARD HELD ON APRIL 17, 2008,
AT 6:00 P.M., AT THE CITY HALL COUNCIL CHAMBERS**

Paul Whitcomb called the EDA Board meeting to order at 6:00 P.M. Members present were Ken Haskamp, Vicky Hallin, Cindy Riddle, Ben Hanson, and Charles Snustead.

Absent was Thom Walker.

APPROVAL OF MINUTES FROM REGULAR MEETING ON MARCH 27, 2008

HALLIN MOVED, SECOND BY SNUSTEAD TO APPROVE THE MINUTES OF MARCH 27, 2008. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

NEW BUSINESS:

A. Economic Assistance Request Tucs Manufacturing

The Princeton Economic Development Authority is being asked to consider the Economic Assistance request from Tucs Manufacturing, Inc., including JOBZ Zone designation and Tax Abatement. Marty Tucs, owner, has requested economic assistance from the City of Princeton to enable him to expand his operations in the former Westling Building at 705 Old Highway #18 South. Tucs plans to move his full operation from the Twin Cities to Princeton including 27 employees. As a second phase, he intends to construct an additional manufacturing building on his property of approximately 30,000 square feet.

Marty Tucs and Allen Anderson, Tucs Accountant, were present to answer any questions. Marty Tucs gave a small presentation on Tucs Manufacturing that included a short video. Tucs said the number of employees is about 25 – 27 and hopefully a total of 30 sometime in the summer. The site is eight acres. Tucs said they do not do any kind of advertising with the company. It is word of mouth of what they make and the quality of the item that their business continues to grow. He has developed a line of equipment for food service. Where this line is being used is in hospitals, prisons, military, schools, small restaurant chains, and such. Stainless steel is what they make their product out of. There is not much competition in this field. They have been manufacturing equipment for food service for five years and are listed as second in the business and Tux hopes that shortly they will be at the top. ETL Certification is what certifies the equipment and they have been ELT approved. They have started to go out to larger jobs such as casinos. They need complete certification to be able to go into some of these places and they are working towards that. Quite a bit of their equipment is patent. The company has had a 30% increase so far for 2008, the poor economy is not hurting the company.

a. JOBZ Zone Modification

Blake supports the JOBZ zone designation for this site. Zone modification requires us to obtain approval from the Princeton School District and County. JOBZ designation will provide Tucs with a number of tax benefits, including sales, income and motor vehicle tax reductions. Since the operation is moving into an existing building, the City does not offer property tax elimination, but will consider abatement as a separate item.

Riddle has concerns with offering both the JOBZ Zone and Tax Abatement at the same time. Could JOBZ designation begin and then when the addition and improvements to the property

are completed then the Tax Abatement would replace the JOBZ Program.

Blake said the JOBZ Program runs for ten years. The Tax Abatement would abate the portion of the increased municipal property taxes caused by the improvements to the property. The current municipal property taxes on the subject property are \$7,697. There would be no abatements on the existing building, only on the improvements of the property. The tax abatement would rebate only on the increase of the taxes.

Whitcomb thought that through the JOBZ Program the Tax Abatement Program was not allowed as an addition.

Blake said not on the full amount, but partial. The abatement would rebate on the increased taxes only for the improvements. Rebate on taxes ends 2015.

Snustead asked if there is enough room to build an addition.

Tux said yes. He may buy the remainder of the Westling building and then there are four acres attached to the site he can build on.

Riddle commented on inflation. The taxes would be frozen at approximately \$7,800 and ten years comes and there is a large increase.

Blake does not believe the difference will be that great in a ten year time.

Tux said he is not concern with the value of the building going up. He plans on moving here also. He is not sure yet if he will live in town or the township.

Hallin asked if we are giving more to one party regarding programs then we have in the past with others.

Blake said everyone who comes to the City for help is listened to and we see what we can do. What we are giving to Tux is not out of line.

HALLIN MOVED, SECOND BY HASKAMP TO APPROVE THE JOBZ PROGRAM FOR PARCEL #24-032-2502, MILLE LACS COUNTY ON EIGHT ACRES OF LAND. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

b. Tax Abatement Request

The EDA Board is still working on the Tax Abatement Policy and that will be discussed tonight. Blake believes this project meets a number of the proposed objectives for Tax Abatement. There will be increased employment options within the City. The wages should be at or above the area average. This business would be making use of an existing building that is currently

empty. Tucs plans some significant remodeling and improvements to the existing buildings on the property. Blake supports an abatement plan that abates the portion of the increased municipal property taxes caused by the improvements to the property. The current municipal property taxes on the subject property are \$7,697. Further abatements should be addressed as part of the expansion plans outlined by Marty Tucs and be considered as a separate abatement for the project.

Second is a tax abatement proposal. Freeze taxes at the current level and then with the addition is built, Tux would get a 100% tax abatement on the new addition. We would review this each year on the tax level for the business and see what the abatement would be.

SNUSTEAD MOVED, SECOND BY RIDDLE TO DIRECT STAFF TO PROPOSE A TAX ABATEMENT FOR TUX MANUFACTURING FOR THE ABATEMENT TO LAST TILL 2015, AND FORWARD THE PROPOSAL TO THE CITY COUNCIL FOR APPROVAL. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

c. JOBZ Zone Designation – BioMatrix International, LLC

BioMatrix International, Inc., has requested that their site not be designated as JOBZ zone at this time. They will likely request other financial assistance from the City of Princeton as their plans continue to expand. The City is still reserving up to half of the Princeton Revolving Loan Fund to be used in conjunction with the Initiative Foundation financial package. The EDA Board will be updated as the project moves forward. Staff is requesting that the EDA Board pass a motion stating that Parcel #90-401-0310, be removed from the City's JOBZ zone.

Blake asked that a motion to revoke designation of JOBZ from this site. Bio Matrix is keeping their building in the township, and the Bell Canoe building also. They will operate on two sites. The wage requirements, remodeling, etc. is what changed their mind on having the JOBZ designation.

HASKAMP MOVED, SECOND BY HALLIN TO REMOVE THE JOBZ DESIGNATION FROM THE BIO MATRIX SITE, PARCEL #90-401-0310. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED BUSINESS:

A. Tax Abatement Policy

This is a continued discussion on the City of Princeton Tax Abatement Policy. The City will consider using tax abatement to assist private development projects to achieve one or more of the following objectives:

1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits as defined by the City.

2. To enhance and diversify the City of Princeton's economic base.
3. To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin-off" development.
4. To facilitate the development process and to achieve development on sites which would not otherwise be developed without tax abatement.
5. To offset increased costs of development/redevelopment of specific properties when the unique physical characteristics of the site may otherwise deter or prevent private investment, such as contaminated site cleanup.
6. To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
7. To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
8. To significantly increase the City of Princeton's tax base.

Hallin asked if the business changes hands, does the tax abatement end. Blake said yes. Hallin believes this should be written in the Tax Abatement Policy that if the company is sold the new owners would have to renegotiate for Tax Abatement.

HALLIN MOVED, SECOND BY HANSON TO APPROVE THE TAX ABATEMENT POLICY WITH THE ADDED WORDING THAT THE TAX ABATEMENT WOULD BE NULL AND VOID IF THE BUSINESS RECEIVING IT WERE TO SELL TO ANOTHER, AND FORWARD TO THE CITY COUNCIL FOR APPROVAL. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

B. Aero Business Park

At the March 27, 2008, EDA Board meeting, Blake briefly discussed the concept of selling Aero Business Park to a private development group. The plat consist of eight lots. The site has been rezoned from MN-1 to B-3 Highway Business. With the B-3 Zoning, there are zoning restrictions that would apply including the newly established commercial design standards. Blake has discussed with two development groups if they would be interested and then they would be responsible for the sale and development of the sites. Both indicated that there may be interest in such a sale, especially when an anchor store announces intentions to build in the community.

Blake would like the EDA Boards thoughts on the idea. Currently the City is looking into constructing a regional public safety building serving the Princeton Police and Fire & Rescue Departments and Lots 7 & 8, in Aero Business Park were selected as the first choice for its location. Any potential sale would need to allow the City to retain ownership of those lots until a final decision is made on the Public Safety Building.

Blake commented on some positive factors of selling this plat to a private development group would be:

1. This property has been off the public tax roles for more than two years and selling the lots would place the lots back on the tax role for 2009, payable 2010.
2. Assessments would continue to be paid over ten years, although not by the City/EDA.
3. A private development group would typically have contacts and relationships that could make it easier to market the sites.

Negatives would be:

1. The sale results in the EDA and City losing the ability to restrict the sale to certain businesses and the loss of control over the timing of construction.
2. Once an anchor store announces intention to build in the Rivertown Crossing neighborhood, the potential of increasing property values exists.

Hanson asked if Lots 7 & 8 are not needed for a public safety building, could there be a contingency in the purchase of the six lots that the purchaser may come back to the City to purchase them.

Blake said yes.

Hanson questioned the cost of what the City has already been paying on this land which is above the assessments and land cost, such as interest and caring cost. What the City has into it we should get back.

Blake said the land is currently for sale for a dollar per square foot plus assessments. He suggest selling the plat to a developer for the same amount.

Whitcomb likes the idea of a developer trying to sell the lots and Haskamp agreed.

Hallin commented that it might not be a bad idea to keep Aero Business Park for a while longer to see if the area on the west side of the City developes.

RIDDLE MOVED, SECOND BY HALLIN TO DIRECT STAFF TO PUT TOGETHER A PACKAGE OF WHAT THE COST HAVE BEEN IN THIS PLAT AND WHAT THE SALE AMOUNT WOULD BE. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

OLD BUSINESS:

A. BR&E Program

Blake said that 53 surveys have been completed for the BR&E Program. He would like to know if the EDA Board is comfortable with 53 out of 75 surveys or should we try to receive more response on them. Liz Templin who is heading up this project is entering all the data in from the survey right now and should we proceed to the next step.

Blake suggest that the EDA Board participates at the next BR&E meeting in May. The next EDA Board meeting is May 15th. Blake would like to hold the BR&E meeting on that night and Liz Templin said she could attend that night and it would last four and a half hours. This meeting can not be broken into two nights. It would be best to begin at 4:00 PM to 8:30 PM and a light dinner could be served. The full Chamber Board and the volunteers who worked on the project would be invited. Blake would like the EDA Board to lead the group. There could be a short meeting prior to the BR&E Program beginning where the Aero Business Park concept plan for selling it could be discussed. The BR&E Program will be set up for May 15, 2008.

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

B. City Council and Planning Commission Minutes for March, 2008

The EDA Board had no comments.

C. Verbal Report

Blake updated the EDA Board that Rick Savitski has purchased the five acres plus piece of land from Solid Ground Dev., on 107th Avenue and has begun a recycling business at that site. It is farm land that was annexed into the City by the Millers. Savitski has applied for a SBA Loan to expand his recycling business. This site is zoned R-2 Residential. This business is not allowed in that zoning class. Blake had spoken of rezoning some of the area out there to Industrial. Blake will be meeting with Savitski on Monday. The City needs a recycling center, Blake is worried this site could become a large scrap yard. Savitski will be attending the Planning Commission meeting on Monday, April 21, 2008, for a Concept Plan. This business will not create much tax base. Greg Anderson would like Savitski to detached from the City and go back into Princeton Township. If that were to happen, then the City would not have any jurisdiction regarding the site.

Blake also added the Princeton Youth Hockey Association will be coming to the Planning Commission Board to add a second indoor ice arena and another outdoor skating rink and maybe talking to the Park Board to use an indoor rink for a summer skate park. They are drawing up a site plan now. The arena would also have to have in the plans a second ingress and egress access.

HANSON MOVED, HALLIN SECOND TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:42 P.M.

ATTEST:

Paul Whitcomb, President

Mary Lou DeWitt, Comm. Dev. Assistant