

**THE MEETING OF THE PRINCETON EDA BOARD HELD ON FEBRUARY 21, 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 Thom Walker, Ken Haskamp, Vicky Hallin, Charles Snustead, Cindy Riddle, and Ben Hanson. (Hanson arrived at 6:04 P.M.)

OATH OF OFFICE:

Cindy Riddle took the Oath of Office.

APPROVAL OF MINUTES FROM REGULAR MEETING ON JANUARY 24, 2008

HASKAMP MOVED, SECOND BY HALLIN TO APPROVE THE MINUTES OF JANUARY 24, 2008. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED BUSINESS: None

NEW BUSINESS:

A. Comprehensive Economic Development Strategy Survey

Blake informed the EDA Board that Robert Voss and Jordan Zeller from the East Central Regional Development Commission sent a letter regarding a survey. The purpose of the survey is to identify projects in the region that may be eligible for funding from the Economic Development Administration. Projects must be included in this plan in order to be considered for these federal funds. This survey is part of a planning process designed to benefit all in our region. The information that you provide will be compiled with information from other communities and submitted to the EDA where it will be used to evaluate the need of our region, and provide a listing of project that could potentially be eligible for EDA funding. The ECRDC is asking the Princeton EDA Board to complete the survey and compile a list of the top five prioritized projects that would be good for our community. Blake will compile the rating and show the EDA Board the results at the next EDA meeting.

B. Steinbrecher Memo

Blake informed the EDA Board that Lee and Cherly Steinbrecher wrote a memo that he would like to withdraw their offer for the purchase for Lot One in Aero Business Park. Their decision is based on the economic outlook and the lack of progress in developing the "Big Box" sites which is north of this property. Steinbrecher's will be adding on to their current business. Steinbrecher's had put down \$500 earnest money for this site and the City will have to decide if that is refundable or not. The City Attorney will advise the City on this. With regards to the land next to this site the City has been working with Elizabeth Christensen in purchasing her hanger. The City has also spoken with Richard Anderson on his hanger space.

OLD BUSINESS:

A. Tax Abatement Discussion

This is continued discussion on the tax abatement proposal for BioMatrix Internation, LLC. At the January 24, 2008, meeting, the EDA Board discussed the use of tax abatement for incoming businesses. The Board considered several options on how to determine the amount of an abatement, including the use of jobs and tax base increases as a determining factor.

Blake recommended that the City consider the number of jobs that pay an above average wage for the job classification. A chart from the State of Minnesota Department of Employment and Economic Development (DEED) website was given to the Board members and shows the median wages for a number of job categories. Blake suggest that jobs that pay above the median for the east central region would be Tax Abatement Qualified jobs. The EDA Board continued the discussion in looking at the quality of the jobs created and whether or not the City can clearly define the term quality job. The JobZ Program requires that the employer pay a minimum of 110% of the poverty level, which in our area is approximately \$11.00 per hour. Such a proposal would require reporting to the City on an annual basis.

The alternative is to base tax abatement on the amount of increase in the municipal property taxes generated by the project. In this case, a new business moving to town into an existing building would not generate a significant increase in taxes.

Historically, the City has abated up to 90% of the municipal property taxes on an addition or on a newly constructed manufacturing facility. The City has only used tax abatement for industrial uses. Only Municipal Taxes can be abated by action of the City. County Taxes may be abated and both Sherburne and Mille Lacs Counties have used abatement to encourage business expansion.

Walker said regarding the quality of jobs he read an article that was about school districts not being in compliance with gender ratio and he believes that there is history of this in the City of Princeton. Employee's are not being treated fairly in some instances. What the report says is that a man can rise to the maximum salary faster than a woman in the same job.

Riddle said in regards to that article, her concern with the article is if the pole takes in all variables of the situation. For example, the woman could have been on maternity leave.

Blake commented that he is unsure of the answer and if there is anything the City can do to correct such situations.

Walker believes if an employer were given a tax abatement for employees then there would be a higher bar on quality jobs.

Blake said the general wage for JobZ is \$11.00 an hour or better. It can be on a case by case basis. It's a recommendation from Staff and EDA Board to the City Council. Adding tax base or quality of jobs can be the base and gives us the flexibility. Blake said he can bring applicants to the EDA Board and go by a case by case basis.

The EDA Board did agree there should be some base criteria. General ideas of what the EDA Board is looking for.

Haskamp asked what the City would do if a business were willing to come into the City, but only if their request on certain criteria's were given.

Blake said he will talk with other cities and see what they did for Walmart and other big box businesses that came into their city. He will also write guidelines concerning tax abatement and bring it back to the EDA Board.

Walker mentioned the stability rebate for the businesses in the City of Princeton he had spoken of a few months back, he would like that looked into again.

Blake said he will check into this and see if there is anything the City could do as a reward program.

B. Update on Intelligent Ingredients

The EDA Board was given a copy of an article that was in IQ Magazine. The article is about Intelligent Ingredients and an interview with Kurt Stiles. The article talks about Stiles food and beverage product that he developed and the company being located in Princeton. Stiles thanks the financing package with Initiative Foundation and the Princeton Community Loan Fund. Blake informed the Board that there was a glitch in the City Council Public Hearing notice regarding the annexation of R.W. Property that has a building on the site which Stiles is going to lease. This will be on the City Council's March 27, 2008, meeting. The Initiative Foundation will give out their portion of the funds and will hold the City funds until this property is annexed in. Stiles is in the process of signing the final lease agreement with R.W. Properties. Stiles business plan shows three to five years and he will be building a new building.

C. Office of the Legislative Auditor State of Minnesota Report on the JobZ Program

A copy of the evaluation summary was given to the EDA Board. Basically what the report says is that the JobZ Program has been a useful economic development tool in some cases, it has not been adequately focused or administered. Blake informed the EDA Board that the Department of Employment and Economic Development is preparing a response to this report. Blake believes that they are trying to address the lack of control in some areas where this program has been given out. This is a tool the City has to use and keeps everyone in the playing field with the same incentives.

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board noticed that Thunder Alley was now off the Balance Sheet and Blake informed the Board that the building has new owners. The hospital is still interested in purchasing it, but nothing has happened so far.

B. Verbal Report

Blake informed the EDA Board that the Planning and Economic Department has a new Intern, Tom Terrio. Blake has met with someone who is considering bringing a Mexican restaurant to Princeton. Glenn Metalcraft Inc., is looking at obtaining another site to build in Princeton. Their current building is not large enough to operate the equipment and Joe Glenn has purchased another business outside of Princeton that he would like to move here. An area that is being considered is the ECM land that they have not built on then ECM could lease the old Glenn Building if needed. Tony Damer, Princeton Vet, is platting his land that is connected with his animal clinic into three lots and plans to sell the site. This site is north on Rum River Drive. Rick Johnson, West Branch Construction has land south of Pike Auction and northwest of Rum River that is zoned Industrial. Johnson has proposed to make this site into an

Industrial plat and is working with Bremer Bank. Johnson has investors that would go in with him on this project. Johnson is considering this plat being a green environment. The City Council appointed a Community Review Group to work with the County and State on the Dunn Bridge and the east and west bridge. The project would mostly likely begin in 2009. One consideration is if the two bridges should begin construction at the same time or do them a year apart.

Walker asked where the City is regarding the wireless internet.

Blake said that Dave Thompson, Public Utilities has not followed through on the meetings with North Star.

Whitcomb mentioned the Chamber Expo on April 12th. The EDA has had a booth and he wonders if the EDA Board would like to have an area again this year. Whitcomb said he would volunteer to work it and asked the Board if anyone else would be interested.

HASKAMP MOVED, SECOND BY HALLIN TO HAVE A BOOTH AT THE CHAMBER EXPO. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED.

Riddle questioned if the City website could also link into a job website where area employers could list job positions. Blake will look into this.

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

The EDA Board had no comments.

HALLIN MOVED, SECOND BY HANSON TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:23 P.M.

ATTEST:

Paul Whitcomb, President

Mary Lou DeWitt, Comm. Dev. Assistant