

**THE REGULAR MEETING OF THE PRINCETON EDA BOARD HELD ON APRIL 15, 2010,
AT 6:00 P.M., AT THE CITY HALL COUNCIL CHAMBERS**

The meeting was called to order at 6:00 P.M. Members present were Paul Whitcomb, Ben Hanson, Victoria Hallin, Cindy Riddle, Thom Walker, and Jeff Holm. Staff present were Jay Blake and Mary Lou DeWitt.

Absent was Charles Snustead.

**APPROVAL OF MINUTES FROM THE REGULAR MEETING ON MARCH 18, 2010 AND
SPECIAL MEETING ON APRIL 1, 2010**

RIDDLE MOVED, SECOND BY HANSON TO APPROVE THE MINUTES OF THE REGULAR MEETING ON MARCH 18, 2010, AND THE SPECIAL MEETING OF APRIL 1, 2010. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

Hallin arrived at 6:02 P.M.

UNFINISHED BUSINESS:

A. NSP Program Update – (Transfer of 316 10th Avenue North Resolution)

Dick Schieffer, City Attorney has prepared Resolution No. 2010-#05-10, a resolution authoring transfer of 316 10th Avenue North to East Central Habitat for Humanity, Inc. The Princeton Economic Development Authority has acquired foreclosed residential housing pursuant to the Princeton Neighborhood Stabilization Program commenced on April 12, 2009.

The EDA has established appropriate income criteria for low and moderate income families to participate in the Neighborhood Stabilization Program for foreclosed residential housing. The EDA has acquired, cleared and prepared for redevelopment, residential housing located at 316 10th Avenue North, Princeton, MN, which is legally described as Lots 19 and 20, Block 4, Dunhams Addition to the City of Princeton, Mille Lacs County, Minnesota.

The Resolution No. 2009-52 approved by the City Council of the City of Princeton has granted Housing and Redevelopment Authority powers to EDA for purposes of preparing the property for redevelopment and its ultimate sale or transfer. The redevelopment and sale or transfer of the property constitutes a housing project, a redevelopment project, and a housing development project within the meaning of Minn. Stat. §469.002, Subd. 12 and Minn. Stat. §469.174, Subd. 8.

East Central Minnesota Habitat for Humanity, Inc. is a registered charity whose purpose is to build and refurbish houses for low income families in partnership with those families. East Central has expressed a willingness to enter into an agreement for the transfer of ownership of the property Purchase Agreement and to enter into a Development Agreement governing the development and sale of the property.

This Resolution determines that the property is in excess of the EDA's foreseeable needs, and by adoption of this Resolution makes that determination a matter of public record. The EDA

Board hereby makes the property available by conveyance, to a non-profit housing corporation, namely, East Central Habitat for Humanity, Inc. The transfer by the EDA to East Central is necessary to alleviate a shortage of decent, safe, and sanitary housing for persons of low and moderate income and their families.

The power of eminent domain was not used in connection with the acquisition of the property by the EDA. The proposed conveyance of the property to East Central shall be made only after a public hearing upon notice published at least ten days prior to the hearing. The public hearing is scheduled at the next EDA Board meeting on May 20, 2010.

A conveyance of the property to East Central shall be conditioned upon the execution by both parties of a Purchase Agreement/Development Agreement.

Hanson asked if families that have been chosen for these two homes do not meet the terms at the time of closing on each home, is it then Habitats responsibility to find another family.

Schieffer said yes. Once the City transfers the property to Habitat, it is their responsibility.

HALLIN MOVED, SECOND BY WALKER TO ADOPT THE PRINCETON ECONOMIC DEVELOPMENT AUTHORITY RESOLUTION NO. 2010-05-10. A RESOLUTION AUTHORIZING TRANSFER OF 316 10TH AVENUE NORTH TO EAST CENTRAL HABITAT FOR HUMANITY, INC. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

Continued NSP Updates

Blake handed out an overall NSP Budget that Lezlie Sauter, Lakes and Pines, prepared. There is approximately \$177,969.79 left of unused funds. When 611 5th Avenue North is sold those funds will be put back into the NSP Budget. The City has till September 20, 2010, to use the funds from this program. Blake said there are no homes in the City of Princeton in our target area that are foreclosed and banked own.

316 10th Avenue North

- EDA Board had taken action on the transfer of property to East Central Habitat for Humanity
- Burn completed
- Clean up by Howard Homes to commence once weight restrictions are removed
- HFH to trim and remove selected trees from site next week
- Need to schedule a transfer ceremony for City Council and EDA with Habitat perhaps May 27, 2010

609 Old Highway #18

- Burn scheduled, no change in status

611 5th Avenue North

- Property clean up is completed
- New qualified buyer secured
- Closing schedule for week of April 30, 2010

1503 13th Street North

- New purchase offer of \$70,000 submitted and accepted by Bank of America
- Closing scheduled for week of April 30, 2010, pending paperwork from Bank of America
- Qualified buyer and family completed qualification process with Lakes and Pines
- Radon and energy audits completed
- Inspection for remodel plans scheduled

Arcadian Homes

- Fannie Mae had accepted all of the offers on Arcadian Homes
- They required earnest money on two of the three units
- Mille Lacs County has incorrect addresses for each of the buildings. Home Security is making sure that the title work is correct

Blake said that Mille Lacs County went down in the number of foreclosures, but nationwide it has increased. By September, 2010, if there is any homes out there, we can make an offer and if accepted then they are committed, and the funds can be used.

The house on the curve across from the hospital on Smith System road is another property that Blake would like to use with the NSP Funds to purchase. This is the house that has converted into a three unit apartment without and building permits were not taken out, so the remodel is not to code. The owner of the property has said it should be appraised as commercial. Commercial does not qualify for the NSP Program. Blake is working on this one.

B. Rural Taxing District

Dick Schieffer, City Attorney, has prepared a draft Ordinance establishing Urban and Rural Taxing Districts within the corporate limits of the City of Princeton. Blake said this would be property that has come into the City and would like to be annexed into the City.

The Ordinance reads as follows:

WHEREAS, Minn. Stat. § 272.67 authorizes the City to divide its territory into Urban Service District areas and Rural Service District areas for the purpose of allocating municipal property tax burdens to reflect the lesser municipal service benefits received in the Rural Service District.

SECTION 1. DEFINITIONS. The following terms are defined as hereinafter stated:

Rural Service District. Any platted or unplatted Lot within the corporate limits of the City of Princeton not developed for commercial, industrial or urban residential purposes, or

any platted Lot within the corporate limits of the City of Princeton which is either undeveloped, or used or developed for rural residential or agricultural purposes only.

Urban Service District. All Lots within the corporate limits of the City of Princeton which do not lie within the Rural Service District.

Lot. Any parcel of land separated from other parcels by legal description.

Municipal Property Taxes. All ad valorem property taxes levied by the City of Princeton, except such taxes levied for the payment of principal and interest on bonds and judgements.

Municipal Services. Any or all of the following: Public sanitary sewer and water service, police and fire protection, all weather hard surfaced street improvements, drainage and storm sewer improvements, and similar basic services.

Exceptions. The Rural Service District shall not contain Lots within Tax Increment Financing Districts, JobZ Zones, Green Acres, and similar ad valorem property tax benefit districts.

Ratio. A ratio expresses the magnitude of Municipal Services received by Lots in the Rural Service District, as compared with the magnitude of Municipal Services received by comparably priced Lots in the Urban Service District.

SECTION 2. RURAL AND URBAN TAXING DISTRICTS ESTABLISHED. The City Council hereby establishes the Rural Service District and classifies therein, each Lot within the corporate limits of the City of Princeton which, in the judgment of the City Council, meets the definition of Rural Service District as described herein and does not Service District. All Lots not included in the Rural Service District are hereby classified as the Urban Service District. The Rural Service District and the Urban Service District are hereby established.

SECTION 3. RATIO OF MUNICIPAL BENEFITS ESTABLISHED. The approximate ratio which exists between benefits resulting from Municipal Services available to Lots within the Rural Service District, and benefits resulting from Municipal Services available to Lots within the Urban Service District, assuming the Lots are similar in market value, is established at 2:3.

Dick Schieffer was present and said the ordinance is simple because it needs to be. There are some pitfalls in it. Once the ordinance is adopted then the City can identify properties to put in these districts. To adopt an amendment to this ordinance it has to be published first. There is a public hearing and the residents that come to the hearing can request that they will receive a written notice that is mailed to them for the second hearing date on the final ordinance. The Minnesota State Statue says once you adopt the second reading any property owner who has been involved in the hearing can appeal in a 30 day time period.

Riddle said there are properties in the city limits that could petition to go rural.

Schieffer said yes, that could be a problem. A possibility would be having the ordinance by date set.

Blake said Maplevue Development could be set as a Rural District. There are two homes there that are paying city taxes.

Holm commented that there is another piece of property in the City that would exempt this property in this ordinance as urban services.

Hanson asked on Flower City and Sherburne Mobile Home Park how would that be listed as rural or urban.

Blake said rural, but once they connect to urban services it is then urban taxed.

Holm said the ratio should be amended in the ordinance if there is something that might change for the site.

Schieffer said yes, but then the ordinance would have to be changed each time with each site that may need more attention from police, public works, etc.

Blake said this is the frame work of the discussion. Set up districts and figure out what the cost would be in those districts. Then we would have a better sense of what the ratio should be. We will continue to discuss this.

Hanson suggested that for the next EDA Board meeting have the ratio for the dollar amount per household, what would police and fire say it cost per household. Also the public works. What the dollar amount is for a household when it comes into the City.

Blake will ask department heads. A ratio could be tested for five years and then the ordinance could be changed. This will be on the next agenda.

Hanson said we should also look at homes that are in the City, but do not have all the benefits that they might want to use this Urban District for tax benefit and that number should be looked at before adopting this ordinance. What is the potential loss or downfall if this were to happen. Find out the number of homes in the City that this could happen with.

NEW BUSINESS: None

OLD BUSINESS:

A. UDAG Revolving Loan Fund

Blake informed the EDA Board that he had Paul Dove, City Attorney review the UDAG Revolving Loan Fund and Dove had made a couple changes. If the EDA Board approves of the changes there needs to be a motion to move it on to the City Council.

HALLIN MOVED, SECOND BY HANSON TO FORWARD THE UDAG REVOLVING LOAN FUND APPLICATION ON TO THE CITY COUNCIL. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

B. Verbal Report

Blake informed the EDA Board that Family Pathways will be going into the old Coborn's building. Family Pathways is a second hand store. A Pawn Shop has opened in the old Ben Franklin building. The City has introduced a first reading of a Pawn Shop Resolution. USDP has hired a different contractor and are making a type of change in the outer part of the building. Depending on the changes, the Site Plan Review may be going back to the Planning Commission for review. Inline Packaging is going to add a 19,000 square foot addition and add ten employees. Inline Packaging will be applying for a Tax Abatement for the addition that will be built. They do not qualify for the JobZ Program.

C. City Council and Planning Commission on Minutes for March, 2010

The EDA Board had no comments.

WALKER MOVED, SECOND BY HANSON TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. THE MEETING ADJOURNED AT 7:48 P.M.

ATTEST:

Paul Whitcomb, President

Mary Lou DeWitt, Comm. Dev. Assistant