

**THE REGULAR MEETING OF THE EDA BOARD HELD DECEMBER 20, 2007,
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, Ben Hanson, and Charles Snustead. Staff present were Jay Blake and Mary Lou DeWitt.

Absent were: Sarah Lund, Ken Haskamp, and Victoria Hallin.

APPROVAL OF MINUTES FROM REGULAR MEETING ON NOVEMBER 15, 2007

WALKER MOVED, SECOND BY SNUSTEAD TO APPROVE THE MINUTES OF NOVEMBER 15, 2007. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED BUSINESS:

A. Aero Business Park Redevelopment TIF Plan

Blake informed the EDA Board that Staff has been working with Dick Aslesen, Northland Securities, on a redevelopment Tax Increment Financing (TIF) plan to be established for the former airport hanger area and nearby parcels. This is a "pay as you go" project that has little risk to the City in paying back to the Developer. The first project would be the proposed River Town Apartments. The negotiation is that 70% of the taxes is rebated back to the Developer and the other 30% to the City, that the City will use to buy the old hangers. These are market rate apartments, not subsidized apartments. The Developer is anticipating a five year build out. The City is stretching this out another year or two just in case. The City is being conservative up front, but there could be a better outcome. The Planning Commission Board had passed a resolution on December 17, 2007, and the City Council will be holding a public hearing December 27, 2007. There is no formal action needed on this from the EDA Board.

B. Update on BR&E Program

Blake informed the EDA Board that the Princeton Business Retention and Expansion Program is moving along nicely. Interviews are being done and there is good come back from the interviews.

NEW BUSINESS: None

OLD BUSINESS:

A. Memo on Tax Abatement

Blake added this on to the agenda and informed the EDA Board that the Tax Abatement Program is just the City's taxes that this would involve. The Nott Company had used this for additions to their structure and the City rebated 90% of the taxes just on the new addition. This was enough incentive for the Nott Company to expand in Princeton. There are a number of ways the Tax Abatement Program can be used such as; Tax base added for additions on to

existing structures. The County Assessor determines the value of the addition and calculates the City portion of the taxes. The living wage of jobs added is by the dollar figure for a number of new jobs created and maintained by the business. And then there is the new construction for a new building or addition. The County Assessor determines the potential value of the building and a percentage of the municipal taxes are rebated. Bell Canoe and Nott Company were using this. The Bell Canoe sold their business so they never actually used the program. Bell Canoe would have gotten back 100% of the taxes. Blake suggest that if a new business moves into the community, the City should abate up to 100% of the municipal taxes for the first five years and reduce it for the remainder of years. If a business moves into an existing structure, the City should consider abatement of up to 75% of the taxes generated by any addition or improvement to the property, if it can be shown that an increase in revenues will result from the improvements. Deviation in these standards can be made based on the uniqueness and quality of the jobs created, livable wage and high-tech jobs. The City may choose to abate a fixed dollar amount per high paying jobs created and maintained. The abatement cannot exceed ten years and should have a fixed schedule of payments or a fixed not to exceed dollar amount. Blake would like the EDA Boards opinion. Blake said there is a formal public hearing regarding this and some businesses do not want to be involved in a public hearing.

BioMatrix has anticipated adding jobs that are high skilled and higher paying. Blake believes there could be a set dollar amount for jobs created and also higher paid. Bio Matrix is proposing to expand five to seven new employees over the next couple years. Blake suggest rebating a portion of the tax rebate in a dollar amount based on jobs created.

Walker commented if tying the abatement to a certain amount of a wage.

Blake said that the State tracks wages every so many years, he believes it every five years. They track by county. His concern is looking at wages and how would it be perceived in the community. Blake wants the City to be competitive, but his concern is a company may not want to come into the City or expand if we are requiring a certain wage. Blake suggest that we look at the JOBZ level to qualify for the high tech quality job. If BioMatrix makes a proposal for four or five higher quality jobs would the EDA Board be comfortable with not exceeding \$40,000 that has been budgeted on a previous abatement. Annual reports would be required by the company. This does not mean they would get the whole \$40,000, but it would be the most they could get.

Hanson suggested a maximum amount for a year and a maximum total for abating might be a way to look at this. What if the business does not do something for two years after this abatement has began.

Blake said they will not get any more then they are giving. Annual limit and a ten year limit should work well.

Whitcomb said they have gotten JOBZ on everything, but taxes, and suggested this be an eight year abatement. Blake likes this idea. If they grow then we can revisit this agreement and do another agreement if they have to build a new building.

The EDA Board is comfortable with Blake looking at a proposal and will bring it back to the EDA Board at the January 24, 2008, meeting.

B. Proposed Winkelman Annexation

Blake added this on to the agenda and informed the EDA Board of interested businesses that would like to annex into the City and have water and sewer availability. Crystal Cabinets has already annexed in. There is a cal-de-sac that is not serviced by city sewer and water. Becker Machine & Tool Inc., wants to expand and increase employees. Blake spoke to them about annexation. Federated Co-Op wanted to come in to the City and have sewer and water. Rick Palmer who owns a vacant lot does not want to come into the City. Bio Matrix would like sewer and water, but the business next to him does not. Roger Winkelman is trying to work a deal with Chief Moosehopper regarding a building he owns that was Abra Auto Body & Glass. Winkelman will do a lease with him and Moosehopper would be able to expand as his business grows. This building Winkelman owns is in Baldwin Township and the revolving loan can not be used outside the City. Winkelman will annex into the City if his taxes do not go up. Blake spoke to Winkelman and this will add about \$4,000 to his tax bill if he were to be annexed in. This building is setup as each renter pays a portion of the taxes. The City's taxes are four times higher than Baldwin. Blake said Winkelman has four of five other properties he owns in this area and at some point he would like sewer and water at those sites. Winkelman's concern is that he does not want to pay increased taxes for little benefit. The value of his property would go up slightly, but not enough to justify \$4,000 in increase of taxes without sewer and water and the City would not plow the area. Blake would like to abate part of the difference of the city and township taxes on this property. Moosehopper was approved by the Initiative Foundation for a loan. We could abate up to ten years. Blake suggest abating at 100% and work it down. City is required to pay the township for eight years of what they would loose and Winkelman is okay with this arrangement. Blake is asking the EDA Board for their approval of the abatement.

Snustead suggested five years instead of ten.

Walker said he does not have a problem with ten years if there is no additional services to this site.

Blake commented that MapleView Development that is in the City pays full city taxes and does not have sewer or water so he is concerned this could be a conflict.

Whitcomb said his concern is grabbing land by patchwork. He believes the whole chunk of Winkelman's land should be annexed in. It would look better.

Blake said taxes and annexation are a touchy subject. He is concerned about fairness with the MapleView owners.

Hanson would like to annex them in.

Blake said Moosehopper would like to lease for two to three years and then build. That is his goal. Blake wants to know if the EDA Board wants him to pursue this annexation with Winkelman.

Blake was given the okay to go ahead with a annexation and tax abatement and will bring it back to the EDA Board.

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

B. City Council and Planning Commission Minutes for November, 2007

The EDA Board had no comments.

C. Verbal Report

Blake spoke of a news article regarding foreclosures and five of the highest counties are in Minnesota. Tux Co. closed last week on the old Westling building. BR&E Program is moving along well. Comments are good. Those interviewed so far would like 21st Avenue extended and do not us the airport. Blake has met with a party who has a business plan and is looking for a 1,000 square foot office space in Princeton. Not a large employer, but it would be a different type of business. A purchase agreement is in the works for the old liquor store. Jake Huebsch is done with his internship. Another intern may be coming in the spring. There are funds for it.

SNUSTEAD MOVED, SECOND BY HANSON TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:35 P.M.

ATTEST:

Paul Whitcomb, President

Mary Lou DeWitt, Comm. Dev. Assistant