

**THE REGULAR MEETING OF THE PRINCETON EDA BOARD HELD ON JANUARY 24, 2008,  
AT 5:30 P.M., AT THE CITY HALL COUNCIL CHAMBERS**

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Paul Whitcomb called the EDA Board meeting to order at 5:37 P.M. Members present were Thom Walker, Ben Hanson, and Charles Snustead.

Absent were: Vicky Hallin and Ken Haskamp (Both arrived at 5:40 P.M.)

**OATH OF OFFICE:**

Thom Walker took the Oath of Office.

**ELECTION OF OFFICERS:**

HANSON MOVED, SECOND BY WALKER TO NOMINATE PAUL WHITCOMB FOR EDA BOARD PRESIDENT. THERE BEING NO OBJECTIONS, THE EDA BOARD VOTED ON PAUL WHITCOMB FOR EDA PRESIDENT. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED.

(Hallin and Haskamp arrived.)

SNUSTEAD MOVED, SECOND BY HANSON TO NOMINATE THOM WALKER FOR EDA BOARD VICE PRESIDENT. THERE BEING NO OBJECTIONS, THE EDA BOARD VOTED ON THOM WALKER FOR EDA VICE PRESIDENT. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

HANSON MOVED, SECOND BY SNUSTEAD TO NOMINATE KEN HASKAMP FOR EDA BOARD SECRETARY. THERE BEING NO OBJECTIONS, THE EDA BOARD VOTED ON KEN HASKAMP FOR EDA SECRETARY. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

HALLIN MOVED, SECOND BY HANSON TO NOMINATE CHARLES SNUSTEAD FOR EDA BOARD TREASURER. THERE BEING NO OBJECTIONS, THE EDA BOARD VOTED ON CHARLES SNUSTEAD FOR EDA TREASURER. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

Blake introduced Cindy Riddle who was present. Riddle will be at the City Council meeting tonight to be interviewed for placement as a Board Member on the EDA Board.

**APPROVAL OF MINUTES FROM REGULAR MEETING ON DECEMBER 20, 2007**

WALKER MOVED, SECOND BY SNUSTEAD TO APPROVE THE MINUTES OF DECEMBER 20, 2007. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

**UNFINISHED BUSINESS:**

**A. Princeton Business Retention and Expansion Program**

Blake informed the EDA that they will be meeting in Feb regarding the retail businesses in town. Teams will be assigned to interview. This is a four week delay. A new Intern will be starting next week to help out the Planning and EDA Departments.

**NEW BUSINESS:**

**A. Draft Development Agreement for Tax Abatement for R.W. Properties of Princeton, LLC;  
Parcel Number 01-531-0105**

Blake informed the EDA Board that he has provided a draft Development Agreement between the City and R.W. Properties of Princeton, LLC. This allows for the abatement of a portion of the municipal property taxes for the parcel of land R.W. Properties owns. The request for the abatement comes as a result of the proposed location of Intelligent Ingredients, LLC, would like to lease from R.W. Properties. The City policy is that any business receiving business assistance must be located within the City of Princeton. In this case, the business is accessing the Princeton Community Revolving Loan Fund at the Initiative Foundation.

Blake is recommending that up to \$3,800 per year, or up to 75% of the municipal tax bill, whichever is lower, be abated to the property owners. The owners will split the tax bill amongst the current tenants.

Blake recommends the following conditions:

1. The property owner must complete the proposed annexation of the subject property.
2. The location must be leased to Intelligent Ingredients, LLC for a minimum of three years.
3. The abatement ends once Municipal Sewer and Water services are provided to the property.

The Tax Abatement proposal is based on the highly qualified jobs that are being created by Intelligent Ingredients, LLC.

Blake stated that this property is going through the annexation process right now. If this site were to move into the City limits the taxes would increase \$3,900 per year. The number of jobs created in the next two years is predicted to be ten. The wage scale for jobs would meet MN criteria. Kurt Stiles, Intelligent Ingredient owner, told Blake he will meet or exceed the wage for above average in this area.

Haskamp suggested that maybe we could find out what the larger industries in the City are paying where we have a better average of what hourly wage is in the City of Princeton.

Walker commented that it is difficult giving this tax abatement on wages, one concern is what if they bring their business here and the business is not a good employer.

Blake said many cities use this tax abatement. Cambridge has been extremely aggressive with the Abatement Program. Right now, the City has two request using this program. Intelligent Ingredients is a unique business and Blake believes this would be a good business for Princeton to have.

Walker would like the Tax Abatement Program used for special businesses that pay more than minimum wage.

Blake suggested that a term for the Tax Abatement could be that no more than 50% of the employees can make less than \$14.96.

Riddle commented that 25% may be better.

Walker said he wants full time jobs, not part time positions added together to meet the full time hours. He would like that in wording. Walker believes that this abatement for hourly wage may not be a good idea. What benefit does the City get, are the employees going to live in the City limits. What happens if other businesses come to town and want the same program.

Blake said that yes, it will be a line of people asking for a handout. We have not done this in the past and now things are changing where people want to come to the City and ask for opportunities to expand their business.

Walker understands, he would just like to see where the abatement involves property taxes and not abatement for employee numbers.

Blake said the first one is property abatement that needs to be discussed. The City Council has final say on this, but Blake believes the Council knows the EDA Board uses good judgment in their decisions and would most likely back them.

Hanson suggested that maybe a percentage should be on property and employees.

Blake said down the road maybe. On the one he is proposing tonight will work only on the property tax base. On the February EDA agenda we will look further into property and job tax abatements.

Walker commented that we should look at long term where kids that grew up here want to come back and start a business.

Blake wants to know if the EDA Board is comfortable with the R.W. Abatement.

The EDA Board is in agreement with it.

WALKER MOVED, SECOND BY HALLIN TO FORWARD TO THE CITY COUNCIL THE RESOLUTION APPROVING PROPERTY TAX ABATEMENTS FOR R.W. PROPERTIES OF PRINCETON, LLC. THIS RESOLUTION WILL NOT GO TO THE CITY COUNCIL UNTIL ANNEXATION OF THIS PROPERTY IS COMPLETED. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

The EDA Board would like the City to have a written agreement with R.W. Properties that any sale of adjoining land own by them will have to be annexed in to the City.

**B. Draft Development Agreement for Tax Abatement for BioMatrix International; Parcel 90-401-0310**

Blake is tabling this item, but wanted to update the EDA Board that he met with BioMatrix International on January 6, 2008, and they indicated that a potential change to their business plan may require them to re-examine the use of JOBZ benefits. A draft of the Development Agreement between the City and BioMatrix International, LLC, allowing for the abatement of a portion of the municipal property taxes for this parcel of land. This site was previously approved for a tax abatement for the Bell Canoe business, but since they have moved, it did not occur. The previous abatement was granted based on new construction of the building for 100% of the Municipal taxes paid over ten years or up to \$40,000, whichever came first.

Blake is recommending that up to \$1,000 per job created and maintained where the pay level equals or exceeds the East Central Minnesota Region median wage for that job classification would be a Tax Abatement Qualified Position (TAQ position). If an office staff person is paid \$13.70 per hour or better, that position would equal one TAQ position. The City can also allow for job sharing or part time positions that equal or exceed these same wage levels. The qualifying wage level is separate for any benefits paid to the employee.

Based on discussion from the December EDA meeting, the business will be required to submit annual documentation to the City that verifies the wage level and employment numbers. Failure to meet this requirement will cause the abatement to be eliminated or postponed until the next qualifying year. The business will be required to follow the prescribed public hearing process as outlined in the Minnesota Statutes. The abatement will be limited to \$1,000 per TAQ positions up to \$5,000 per year for the years 2008 through 2015. The Abatement may be cancelled if the business moves its operation to another location or does not maintain the employment base within the City of Princeton.

The EDA Board can consider this and this item will be on February, 2008, agenda.

**C. EDA Grant Application**

Blake added this to the EDA Agenda. He discussed the background of efforts to assist United States Distilled Products with a pretreatment facility for their waste stream. Currently USDP is hauling a majority of the waste created by the business to abandoned treatment plant in Zimmerman. The City is looking at ways to help them reduce these costs. Blake met with Mayor Riddle and representatives from the East Central RDC to look at grant opportunity for the project. Although the plant would be in Sherburne County, the pipes are located in Mille Lacs County, defined by the EDA as a distressed county. This item was informational at this time and Blake indicated that more information would be brought to the Princeton EDA.

**OLD BUSINESS:** None

**MISCELLANEOUS:**

**A. EDA Balance Sheet**

The EDA Board had no comments.

**B. Verbal Report**

Blake informed the EDA Board that he met with an interested party today that is considering bringing a Mexican Restaurant to Princeton. The old City Liquor store is still out in the market for sale.

**C. City Council and Planning Commission Minutes for December, 2007**

The EDA Board had no comments.

HALLIN MOVED, SECOND BY HANSON TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 6:50 P.M.

ATTEST:

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Paul Whitcomb, President

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Mary Lou DeWitt, Comm. Dev. Assistant